FRANCHISE DISCLOSURE DOCUMENT

USA Ninja Challenge Franchising, LLC
A New Hampshire Limited Liability Company
14 Chenell Drive, Concord, NH 03301
603-566-9560
info@usaninjachallenge.com
www.usaninjachallenge.com

USA Ninja Challenge is a fitness-based program utilizing obstacle course equipment and a variety of programs which challenge a participant's skill and knowledge. Ninja Challenge is targeted towards to boys and girls ages 3 to 17. Full gym franchises from 3,600 to 5,000 square feet are awarded to fit different demographic areas.

The total investment necessary to begin operations of a USA Ninja Challenge franchise is $342,700 - $567,900. This includes the franchise fee and fees for equipment, installation, initial inventory, marketing and web site set-up, ranging from $194,500 - $225,000 that must be paid to the franchisor.

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, please contact Mr. Richard Knight at 14 Chenell Drive, Concord, NH 03301 and 603-566-9560.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877FTC- HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW. Washington, D.C. 20580. You can also visit the FTC's home page at 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: 5/7/2024

How to Use This Franchise Disclosure Document

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

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

What You Need to Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of 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 New Hampshire. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in New Hampshire than in your own state.

2. Unopened Franchise. The Franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you may also experience delays in opening your own outlet.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

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.

(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373 7117

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EXHIBITS

A. State Administrators and Agents for Service of Process
B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
C. Multi-Unit Development Agreement
D. Rider to Lease Agreement
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F. Financial Statements
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J. State Addenda to Franchise Agreement
K. Receipt (2 copies)

Item 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

In this disclosure document, "we", "us," or "our" refers to USA Ninja Challenge Franchising, LLC. "You" means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement's provisions also will apply to your owners.

(1) Us, Any Parents, and Certain Affiliates.

Our name is USA Ninja Challenge Franchising, LLC. Our principal business address is 14 Chenell Drive, Concord, NH 03301. We do not have any parent entities. We do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.

(2) Our Predecessors

We do not have any predecessors.

(3) Our Business Name

We use the names "USA Ninja Challenge Franchising, LLC", "USA Ninja Challenge, LLC" and "USA Ninja Challenge". We do not intend to use any other names to conduct business.

(4) Agent for Service of Process

Our agent for service of process in New Hampshire is Mr. Richard Knight who can be reached at the principal business address of 14 Chenell Drive, Concord, NH 03301. Our agents for service of process in other states are disclosed in Exhibit A.

(5) Business Organization

We are a New Hampshire Limited Liability Company. We were formed on 8/21/2015.

(6) Information About Our Business and the Franchises Offered

(i) We (that is, USA Ninja Challenge Franchising, LLC) do not operate businesses of the type being franchised, but our affiliate does.

(ii) We do not have any other business activities. We have not offered franchises in other lines of business.

(iii) If you sign a franchise agreement with us, you will develop and operate a fitness and obstacle course business providing services, typically, to boys and girls ages 4 to 17. These programs are offered on an individual monthly membership basis and as a party and event service under the trade name USA Ninja Challenge. If you sign a Multi-Unit Development Agreement (attached as Exhibit C to this disclosure document), you will develop multiple USA Ninja Challenge outlets, on an agreed-upon schedule. Upon establishing each additional outlet under the development schedule, an Area Developer

may be required to sign a then-current Franchise Agreement, which may differ from the current Franchise Agreement included with this Franchise Disclosure Document.

(iv) The general market for the service that you will offer is school aged children ages four years to eighteen although alternate programs for older populations may become available in the future. Our customers are primarily families with children ages 4 to 17 years of age who are interested in fitness and being healthy. Sales may be seasonal depending on your market.

(v) We are not aware of any laws or regulations specific to our industry in any market.

California's Health Studio Services Contract Law applies to all contracts for health studio services in California.

Health studio services include instruction, training or assistance in physical culture, body building, exercising, reducing, figure development and other similar skills; the use of a health studio, gym or other facility for any of these purposes; and membership in any group formed for any of these purposes. However, services provided by persons licensed in the healing arts, by nutritionists, and by schools operating under the California Education Code, are not subject to this law.

There are certain provisions and requirements that you must abide by as a health studio service business in the State of California which require certain provisions and disclosures in your agreements and specifications that relate to how you manage your memberships. This includes provisions such as the following:

The contract must contain a provision that gives you a five-day right to cancel the contract. The face of the contract must conspicuously disclose the following notice, in a size equal to at least 10-point bold type, close to the place for your signature:

"You, the buyer, may cancel this agreement at any time prior to the midnight of the fifth business day of the health studio after the date of this agreement, excluding Sundays and holidays. To cancel this agreement, mail or deliver a signed and dated notice, or send a telegram which states that you, the buyer, are canceling this agreement, or words of similar effect. The notice shall be sent to _____ (Name of health studio operator) at (Address of health studio operator)."

You also may cancel the contract if you move more than 25 miles from the health studio and are unable to transfer the contract to a comparable facility. In this event, no further payments are required, and a prorated portion of any amount prepaid must be refunded to you. However, a health club may include in its contract a provision that allows it to charge, or to withhold from the refund, a cancellation fee of not more than $100 (or $50 if more than half the contract life has expired).

If a contract does not comply with the Health Studio Services Contract Law, it is void and unenforceable, and therefore subject to cancellation by you on that basis. In the event of a significant violation of the law, there is no limit on the time for canceling, except that you probably must notify the health club *promptly* on learning of your right to cancel, and ordinarily you should give the health club *written* notice of the decision to cancel.

Outside of this, we are not aware of any laws or regulations specific to the industry in which the franchise business operates although there may be fitness or children's safety-based laws in your market due to the obstacle course portion of the business or laws specific to working with children in your market.

(vi) The competition within the industry in which the franchise business operates is other fitness, gymnastics or children's fitness service centers. You will compete against national chains, regional chains, and independent owners. Some of these competitors are franchised.

(7) Prior Business Experience

We have offered franchises since August 2015. None of our affiliates has offered franchises in other lines of business. None of our affiliates provides products or services to our franchisees.

Our affiliate, USA Ninja Challenge, LLC operated USA Ninja Challenge in Hooksett/Manchester, New Hampshire from January 2015 to September, 2018.

Item 2 BUSINESS EXPERIENCE

The following people are our directors, trustees, general partners, principal officers, and any other individuals who will have management responsibility relating to the sale or operation of franchises offered by this document:

Mr. Dale Grant

Managing Member - USA Ninja Challenge Franchising, LLC (2015 - Present), Concord, NH

Managing Member - USA Ninja Challenge, LLC (1/21/2015 - 10/18), Manchester, NH

Owner, Head Coach - Flipz Gymnastics, LLC (2004 - 2024), Concord, NH

World Grafix - Owner, operator (2000 - Present), Concord, NH

Managing Member - Decal Masters, LLP (2012 - 2014), Concord, NH

Mr. Richard Knight

Managing Member – USA Ninja Challenge Franchising, LLC (2015 - Present), Concord, NH

Managing Member - USA Ninja Challenge, LLC (1/21/2015 - 10/18), Manchester, NH

Business Development Manager – Cisco Global Alliance (1/15 - Present), Bow, NH

Senior Director, Global BDM – EMC (4/12 - 1/15), Bow, NH

Self Employed-House Renovations (2010 - 2012), Hookset, NH

Item 3 LITIGATION

No litigation is required to be disclosed in this Item.

Item 4 BANKRUPTCY

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

Item 5 INITIAL FEES

Franchise Fee and Program Start-up fees

When you sign your franchise agreement, you must pay us $60,000 which includes sales commission of $30,000 and the Program Start-up fees: $7,500 training fee, $7,500 site selection assistance fee, $10,000 facility design, build-out coordination and fit-up fee and $5000 pre-opening task and workflow assistance fee. These fees are uniform.

If (1) you fail to complete the initial training program to our satisfaction, or (2) we conclude, no more than 10 days after you complete the initial training program, that you do not have the ability to satisfactorily operate your franchise, then we have the right to terminate your franchise agreement. If we do so, we will refund your franchise fee less any out-of-pocket costs we have incurred, subject to your signing a general release of our liability. Otherwise, the franchise fee is not refundable.

You must purchase your initial equipment package directly from franchisor or approved vendors. It will contain all or substantially all of the USA Ninja Challenge equipment, including obstacles, cargo netting, ropes, floor beams, climbing ropes, rock wall holds, ring systems, mats, and other items. The price will vary based on the size of the facility, the type and amount of equipment, and vendors' then-current pricing. The amount paid directly to the Franchisor will range from $194,500 to $225,000. We pass on vendor pricing including an average 40% markup for our services related to identifying, designing, ordering and managing your initial equipment package.

Fees paid directly to the Franchisor prior to start-up include:

Equipment - $140,000 to $160,000
Installation Fee - $35,000
Pro Shop Inventory - $2,500 to $3,000
Pre-opening Marketing - $15,000 to $25,000
Web site set-up - $2,000

The Program Start-up fees and the initial equipment package fee are not refundable.

Item 6 OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	7.5% of your gross sales	Payable on the 10th of each month.	See Note 1.
Brand Development Fund Contribution	1.5% of your gross sales	Payable on the 10th of each month.	

Type of Fee	Amount	Due Date	Remarks
Market Cooperative Contribution	As determined by co-op. Currently, none.	Payable on the 10th of each month.	We have the right to establish local or regional advertising cooperatives.
Third Party Vendors	Pass-through of costs, plus reasonable administrative charge.	Varies	We have the right to require franchisees to use third-party vendors and suppliers that we designate. Examples can include software vendors and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors with a reasonable markup or charge for administering the payment program.
Non-compliance fee	$500	On demand	We may charge you $500 if your business is not compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you $250 per week until you correct such non-compliance.
Reimbursement	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	If we pay any amount that you owe or are required to pay to a third party, you must reimburse us.
Late fee	$100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.

Type of Fee	Amount	Due Date	Remarks
Insufficient funds fee	$50 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.
Special support fee	Our then-current fee, plus our expenses. Currently, $300 per day.	On demand	If we provide in-person support to you in response to your request, we will charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Customer complaint resolution	Our expenses	On demand	We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.
Records audit	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other noncompliance, or (2) the audit concludes that you under-reported gross sales by more than 3% for any 1-month period.
Inspection fee	Currently $500, plus our out-of-pocket costs	On demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or noncompliance with any system specification.

Type of Fee	Amount	Due Date	Remarks
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Transfer fee	$15,000	When transfer occurs	Payable if you sell your business.
Indemnity	Our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

All fees are payable only to us. All fees are imposed by us and collected by us. All fees are non-refundable. All fees are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate.

There are no marketing cooperatives, purchasing cooperatives, or other cooperatives; therefore, our own outlets do not have any voting power on any fees imposed by a cooperative. Should a cooperative be formed, membership will be optional. All cooperative member locations, both company-owned and franchisee-owned, will have equal voting rights on group expenditures and any fees that may be imposed by a cooperative.

Notes

1. "Gross Sales" is defined in our franchise agreement as the total dollar amount of all sales generated through your business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, (iii) sale of used equipment not in the ordinary course of business, (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales) or (v) retail sales via the pro shop on items that have already been purchased from the Franchisor.

Item 7 ESTIMATED INITIAL INVETMENT

ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Total Franchise Fees[1] Includes: Sales Commission- Training Fee[2] - Site Selection Assistance Fee[17] - Gym Design, Build-out and Equipment Planning Fee[17] - Pre-Opening Task and Workflow Assistance Fee[17] -	$60,000 $30,000 $7,500 $7,500 $10,000 $5,000	Check or ACH transfer	Signing of Franchise Agreement	Franchisor
Training Expenses[2]	$4,000 – $8,000	Not Specified	During Training	Airlines, Hotels, Restaurants
Real Property[3] (Deposits)	$4,000 – $8,000	Not Specified	Before Beginning Operations	Landlord
Property Improvements[4]	$15,000-$175,000	Not Specified	Before Beginning Operations	Approved Contractor
Computer Equipment and Software[5]	$1,500 – $2,500	Not Specified	Before Beginning Operations	Approved Vendor

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Office Expenses[6]	$400 - $500	Not Specified	Before Beginning Operations	Suppliers
Signage[7]	$3,400 - $5,600	Not Specified	Before Beginning Operations	Approved Vendor
Furniture and Fixtures	$2,000 - $3,000	Not Specified	Before Beginning Operations	Suppliers
Equipment[8]	$140,000 - $160,000	Not Specified	Before Beginning Operations	Franchisor or Approved Vendor
Shipping	$6,000 - $9,000	Not Specified	Before Beginning Operations	Franchisor or Approved Vendor
Equipment Installation	$35,000	Not Specified	Before Beginning Operations	Franchisor
Utilities[9] (Deposits)	$400 - $800	Not Specified	Before Beginning Operations	Utility Provider
Inventory[10]	$2,500 - $3,000	Not Specified	Before Beginning Operations	Franchisor
Market Introduction[11]	$15,000 - $25,000	Not Specified	Before Beginning Operations	Franchisor or Approved Vendor
Web Site Setup	$2000	Check or ACH Transfer	Before Beginning Operations	Franchisor
Insurance[12]	$3,500 - $4,500	Not Specified	Before Beginning Operations	Insurance Agent

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Licenses and Permits[13]	$1,000 - $2,000	Not Specified	Before Beginning Operations	Suppliers
Legal and Accounting[14]	$1,500 -$2,500	Not Specified	Before Beginning Operations	Accountants, Lawyers
Dues and Subscriptions[15]	$500 - $1,500	Not Specified	Before Beginning Operations	Associations and Networking Groups
Additional Funds to Cover 3 Months' Operations[16]	$45,000 - $60,000	Not Specified	Upon Beginning Operations	
Total[17]	$342,700 – $567,900			

[1] Franchise Fees: If (1) you fail to complete the initial training program to our satisfaction, or (2) we conclude, no more than 10 days after you complete the initial training program, that you do not have the ability to satisfactorily operate your franchise, then we have the right to terminate your franchise agreement. If we do so, we will refund your franchise fee less any out-of-pocket costs we have incurred, subject to your signing a general release of our liability. Otherwise, the franchise fee is not refundable. The Program Start-up fees and the initial equipment package fee are not refundable. We do not offer direct or indirect financing.

[2] Training. The cost of initial training is in addition to the franchise fee. You are also responsible for transportation and expenses for meals and lodging while attending training. The total cost will vary depending on the number of people attending, how far you travel and the type of accommodations you choose. These expenses are typically non-refundable. Before making airline ticket, hotel, rental car or other reservations, you should inquire about the refund policy in the event you need to cancel any reservation.

[3] Real Property. The average unit for a USA Ninja Challenge Franchise is 3,500 to 5,000 square feet in size. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations. Lease costs will vary based upon square footage and cost per square foot. Some lessors may refund the security deposit if you cancel the lease before you occupy the premises. Estimated rental costs for 3 months are included with the category "Additional Funds".

[4] Property Improvements. The range represents the initial, average out-of-pocket outlay by the franchisee after applying any Tenant Improvement Allowance that a landlord may or may not provide. These costs are typically non-refundable.

[5] Computer Equipment & Software. This is for computers, monitors, battery backups, printers, photocopiers, cameras, smart boards and other IT work. The amounts you pay for a computer and software subscriptions are typically non-refundable, or if refundable, may be subject to a "restocking" fee. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing.

[6] Office Expenses. You must purchase general office supplies including stationery, business cards and typical office equipment. Factors that may affect your cost of office equipment and supplies include local market conditions, competition among suppliers and other factors. We do not know if the amounts you pay for office equipment and supplies are refundable. Factors determining whether office equipment and supplies are refundable typically include the condition of the items at time of return, level of use and length of time of possession. You should inquire about the return and refund policy of the supplier at or before the time of purchase.

[7] Signage. The range of costs represents the outright purchase of all signage on the franchised locations. Signage is subject to all local ordinances. These costs vary widely and are typically not refundable.

[8] Equipment. As described in Item 5, you purchase all or substantially all of the equipment needed to set up your USA Ninja Challenge through us. The payment for equipment is not refundable.

[9] Utilities. A utility deposit will typically be required only if the franchisee is a new customer of the utility company. The indicated amount in the table is one month estimated utility expense. These costs are typically non-refundable.

[10] Inventory. Although it is possible that initial inventory may be purchased on open account, the range shown represents the full cost of purchase. This cost may vary widely depending on the projected enrolment. These costs are typically non-refundable.

[11] Market Introduction. The Initial Marketing Program will be managed and operated by the franchisor. Franchisee will pay the entire amount to Franchisor, who will provide direction to and execution of the marketing program. There are no refunds on the Marketing Program.

[12] Insurance. You must purchase the following types and amounts of insurance:

(1) "All risk" property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business, including coverage for fire, vandalism and malicious mischief, and must have coverage limits of at least full replacement cost;
(2) Workers' compensation insurance and employer liability coverage with a minimum limit of $100,000 or higher if your state law requires;
(3) Comprehensive general liability insurance with a minimum liability coverage of $1,000,000 per occurrence, or higher if your state law requires;

A 20% down payment of the annual premium for general liability insurance and workers' compensation insurance costs is included in the low-end estimate, and the full annual premium of some of the insurances is included in the high estimate. Factors that may affect your cost of insurance include the size and location of the franchised business, equipment, inventory, number of employees and other factors. The amounts you pay for insurance are typically non-refundable. You should inquire about the cancellation and refund policy of the insurance carrier or agent at or before the time of purchase.

[13] Licenses & Permits. State and local government agencies typically charge fees for occupancy permits, operating licenses and permits to make improvements to your operating location and area. Due to the

unique nature of the business and in working with children on an obstacle course model, you may have special licenses or permits required in your area, you should research this prior to investing in the franchised business. These fees are typically non-refundable. You should inquire about the cancellation and refund policy of the agencies at or before the time of payment. We do not know if the amounts you spend are refundable.

[14] Legal & Accounting. You will need to employ an attorney, an accountant and other consultants to assist you in establishing your franchised business. These fees may vary from location to location depending on the prevailing rates of local attorneys, accountants and consultants and your existing relationships. These fees are typically non-refundable. You should inquire about the refund policy of the attorney, accountant or consultant at or before the time of hiring.

[15] Dues and Subscriptions. You must invest in dues and subscription fees related to associations, networking groups and related industry groups in your market. These groups will provide exposure for your business and services in your market in addition to allowing you to interact with other professionals and business owners in your industry. These costs are typically non-refundable.

[16] Additional Funds. We recommend that you have a minimum amount of money available to cover operating expenses for the first 3 months after the franchised business is open. The lower end represents estimated expenses to maintain minimal operations without any sales for three months. The high end is a more conservative working capital estimate. We cannot guarantee that our recommendation will be sufficient. Additional working capital may be required if sales are low or operating costs are high. These expenses are typically non-refundable.

[17] Service Fees. All fees collected by Franchisor at the time of signing the Franchise Agreement, except for the Franchise Fee, pay for services rendered to Franchisee by Franchisor during the pre-opening period including: training, site selection assistance, gym design, build-out coordination, equipment package planning and pre-opening task and workflow direction and execution.

[18] Total. In compiling this chart, we relied on our and our affiliates' industry knowledge and experience in the business of the type being franchised. The amounts shown are estimates only and may vary for many reasons, including the condition of your facility, the capabilities of your management team, where you locate your franchised business and your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise. These figures are estimates only and we cannot guarantee that you will not have additional expenses in starting the franchised business.

Item 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications.

(1) Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Real Estate. Your business location is subject to our approval and must meet our specifications. You must have your landlord sign our form of Rider to Lease Agreement (attached to this disclosure document as Exhibit D).

B. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Manual, which includes (i) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than $1,000,000 single limit per occurrence and $2,000,000 aggregate limit, (ii) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than $1,000,000, and (iii) Workers Compensation coverage as required by state law. Your insurance policies must add us and our affiliates as additional insured.

C. Point-of-sale software and hardware, and related software and hardware. You must purchase (or lease) the point-of-sale software and hardware, and related software and hardware, that we specify. See Item 11 for more details.

D. Equipment. You must purchase equipment from both us and approved suppliers that will be used in the operation of the franchised business.

(2) Us or our Affiliates as Supplier

We are currently a supplier of the equipment, mats and other items that you must purchase and will be used in the operation of the franchised business.

(3) Ownership of Suppliers

None of our officers owns an interest in any supplier to our franchisees.

(4) Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to purchase from alternative suppliers only after they have meet our criteria, and have been added to the list of Approved Vendors. There is no fee for us to review or approve an alternate supplier. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our list of Approved Vendors.

(5) Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after thorough testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

(6) Revenue to Us and Our Affiliates

The Franchisor will derive revenue from the required purchases and leases by franchisees. Franchisor's total revenue from the prior fiscal year, based on the most recent audited financial statements, was $1,963,320. Revenues derived from all required purchases and leases of products and services by franchisees in the prior fiscal year was $717570. The percentage of our total revenues that were from required purchases or leases in the prior fiscal year was 37%. These sums are derived by totaling the direct sales of equipment and pro shop inventory to franchisees on an annual basis.

(7) Proportion of Required Purchases and Leases

We estimate that approximately 50% to 70% of your expenditures for leases and purchases in establishing your franchised business will be for goods and services that must be purchased from us, an affiliate, approved supplier or according to our standards and specifications. We estimate that approximately 20% to 40% of your expenditures on an ongoing basis will be for goods and services that must be purchased either from us, an affiliate, approved supplier or according to our standards and specifications.

(8) Payments by Designated Suppliers to Us

We do not receive payments from any designated suppliers based on purchases by you or other franchisees. However, the franchise agreement does not prohibit us from doing so.

(9) Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

(10) Negotiated Arrangements

We do not negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. However, we may do so in the future.

(11) Benefits Provided to You for Purchases

We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers

Item 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	§§ 6,1, 6.2	Item 11
b. Pre-opening purchase/leases	§§ 6.2, 6.3	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Article 6	Items 5, 7, 8 and 11
d. Initial and ongoing training	§§ 5.4, 6.4, 7.6	Items 5, 6, 8 and 11
e. Opening	§§ 6.5, 6.6	Items 7, 8 and 11
f. Fees	Article 4, §§ 5.5, 7.8, 10.5, 11.2, 11.3, 14.5, 15.2, 16.1, 17.6	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	§§ 6.3, 7.1, 7.3, 7.5, 7.9 – 7.13, 7.15, 10.1, 10.4, 11.1	Items 8, 11 and 14
h. Trademarks and proprietary information	Article 12, § 13.1	Items 13 and 14
i. Restrictions on products/services offered	§ 7.3	Items 8, 11 and 16
j. Warranty and customer service requirements	§§ 7.7, 7.8, 7.9	Item 8
k. Territorial development and sales quotas	Not Applicable	Item 12
l. Ongoing product/service purchases	Article 8	Items 6 and 8
m. Maintenance, appearance and remodeling requirements	§§ 7.12, 7.13	Items 6, 7 and 8
n. Insurance	§ 7.15	Items 6, 7 and 8
o. Advertising	Article 9	Items 6, 7, 8 and 11
p. Indemnification	Article 16	Items 6 and 8
q. Owner's participation, management and staffing	§ 2.4	Items 15
r. Records and reports	Article 10	Item 11
s. Inspections and audits	§§ 10.5, 11.2	Items 6 and 11
t. Transfer	Article 15	Items 6 and 17
u. Renewal	§ 3.2	Item 17

v. Post-termination obligations	Article 17	Item 17
w. Non-competition covenants	§§ 17.2, 17.3	Item 17
x. Dispute resolution	Article 23	Items 6 and 17

Item 10 FINANCING

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

Item 11 FRANCHISOR ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS & TRAINING

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

(1) Our Pre-Opening Obligations

Before you open your business:

A. *Your Site.* We will review and advise you regarding potential locations that you submit to us. We will also provide you with site specifications to help in searching for a location. We are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site.

(i) We generally do not own your premises.

(ii) If your site is not already known and approved by us when you sign your franchise agreement, then we and you will specify in your franchise agreement the area in which you must select a site (Franchise Agreement, Summary Page). We provide assistance in selecting your site. Your site is subject to our approval. To obtain our approval, you must provide all information and documents about the site that we require.

(iii) The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.

(iv) The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. (Section 6.1). If we and you cannot agree on a site, you will be unable to comply with your obligation to develop and open the franchise by the deadline stated in the franchise agreement. Unless we agree to extend the deadline, you will be in default and we may terminate your franchise agreement.

(v) We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits. This will be your responsibility.

B. *Constructing, remodeling, or decorating the premises*. We will provide you with a set of our standard building plans and specifications and/or standard recommended floor plans, and our specifications for required decor (Section 5.4).

C. *Hiring and training employees*. We will provide you with our suggested staffing levels (Section 5.2), suggested guidelines for hiring employees (Section 5.2), operational instructions in the Manual which you can use as part of training new employees (Section 5.3), and our initial training program described below. Our opening support (as described below) includes assisting you in training employees. All hiring decisions and conditions of employment are your sole responsibility.

D. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for signs, fixtures and supplies necessary to open your business (Section 5.4). We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver or install these items. We will also supply you with a list of obstacle equipment and opening inventory necessary to open your business. We provide opening inventory and provide and install all obstacle equipment.

E. *Operating Manual*. We give you access to our Operating Manual (Section 5.1).

F. *Initial Training Program.* We will conduct our initial training program (Section 5.4). The current initial training program is described below.

G. *Business plan review*. If you request, we will review your pre-opening business plan and financial projections (Section 5.4).

H. *Market introduction plan*. We will advise you regarding the planning and execution of your market introduction plan (Section 5.4).

I. *On-site opening support.* We will have a representative provide on-site support for at least 4 days in connection with your business opening (Section 5.4).

(2) Length of Time to Open

The typical length of time between signing the franchise agreement and the opening of your business is 6-12 months. Factors that may affect the time period include your ability to obtain a lease, obtaining financing, obtaining business permits and licenses, hiring employees, and shortages or delayed installation of equipment, fixtures, and signs.

(3) Our Post-Opening Obligations

After you open your business:

A. *Developing products or services you will offer to your customers*. Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so.

B. *Hiring and training employees*. We will provide you with our suggested staffing levels (Section 5.2), suggested guidelines for hiring employees (Section 5.2), and operational instructions in the Manual which you can use as part of training new employees (Section 5.3). All hiring decisions and conditions of employment are your sole responsibility.

C. *Improving and developing your business; resolving operating problems you encounter*. If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently $600 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support) (Section 5.5).

D. *Establishing prices*. We will provide recommended prices for products and services (Section 5.5). We have the right to determine prices charged by our franchisees for goods and services (but only to the extent permitted by applicable law).

E. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our recommended procedures for administrative, bookkeeping, accounting, and inventory control (Section 5.5). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Brand Development Fund*. We will administer the Brand Development Fund (Section 5.5).

G. *Website*. We will maintain a website for the USA Ninja Challenge brand, which will include your business information and telephone number (Section 5.5)

(4) Advertising

A. *Our obligation*. We will use the Brand Development Fund only for marketing and related purposes and costs. Media coverage is primarily local. We use outside vendors and consultants to produce advertising. We are not required to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website (which will be paid for by the Brand Development Fund). We have no other obligation to conduct advertising.

B. *Your own advertising material*. You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 5 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you.

C. *Advertising council*. We do not have an advertising council composed of franchisees. The franchise agreement does not give us the power to form an advertising council.

D. *Local or Regional Advertising Cooperatives*. We do not currently have any local or regional advertising cooperatives. We have the right to require you to participate in a local or regional advertising cooperative. We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. The amount you must contribute to the cooperative will be determined by vote of the members, but not less than 1% of gross sales. If our own outlets are members of a cooperative, they must contribute to the fund on the same basis as franchisees. We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as an advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require

the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review. Cooperatives will prepare annual financial statements which will be made available for review only by us and by the members of cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged.

E. *Brand Development Fund*. You and all other franchisees must contribute to our Brand development Fund. Your contribution is 1.5% of gross sales per month. All franchisees contribute the same percentage. Outlets that we own are not obligated to contribute to the Brand Development Fund. We administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon request.

We did not collect money for the Brand Development Fund in our most recently concluded fiscal year.

If all Brand Development funds are not spent in the fiscal year in which they accrue, the money will remain in the Brand Development Fund to be spent in the next year. No money from the Brand Development Fund is spent principally to solicit new franchise sales.

F. *Market introduction plan.* We will assist you in developing a market introduction plan during the period of 90 days before the projected opening date of your business.

G. Required spending. You will expect to spend $7,500 to $10,000 during the 90-day period prior to opening. After you open, you will expect to spend $7,500 to $10,000 during the following 90-day period. After this 180-day period, you will spend an average of $500 each month on marketing your business.

(5) Point of Sale and Computer Systems

We require you to buy (or lease) and use a point-of-sale system and computer system as follows:

Computer
Printer/Scanner
Merchant Processing System
Security System (Recommended)
Accounting System

The system provides operational, management, accounting and general business tools and systems needed to operate the business. These systems will generate or store data such as financial, transactional, customer and other data.

(i) The approximate cost of the hardware and software for a location is $1,500 to $2,500.

(ii) We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not require you enter into any such contract with a third party.

(iii) You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

(iv) We estimate that the annual cost of any optional or required maintenance, updating, upgrading or support contracts will be $500 to $2,500 per year.

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

(6) Operating Manual

See Exhibit G for the table of contents of our Operating Manual, with the number of pages devoted to each subject and the total number of pages in the Operating Manual.

(7) Training Program

Our training program consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training at Franchisor's Location			Location
	Owner	Lead Instructor	All	
Introduction to the Curriculum - Programming - Overview of Brand - Value Proposition - Who We Are	5	5	-	Concord, NH or Franchisee's Location
Marketing the Services - Generating Awareness - Competition - Advertising - Selling the Services - Sales Scripts	10	5	10	Concord, NH or Franchisee's Location
Management and Operations - Technology - Staffing - Payroll - Operations - Attracting Customers - Driving Repeat Business - Administrative	15	10	10	Concord, NH or Franchisee's Location
Program Instruction - Lesson Planning - Progressive Program - Class Management - Coaching Techniques - Supervision	5	50	20	Concord, NH or Franchisee's Location
	35	70	40	Total Hours

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training class once per month. Training will be held at our offices and business location in Concord, New Hampshire.

The instructional materials consist of the Operating Manual and other materials, Instructor Training manuals, discussions, and on-the-job demonstration and practice.

Training classes will be led by Dale Grant and/or Skye Fierros and/or Ben Powell. Dale's experience is described in Item 2. He has 35 years of experience in our industry, and 9 years of experience with us or our affiliates. Skye has 13 years of experience in our industry, and 9 years of experience with us or our affiliates. Ben has 9 years of experience in our industry, and 9 years of experience with us or our affiliates.

You must pay the travel and living expenses of persons attending training.

You must attend training. You may send any additional persons to training that you want (up to the maximum described above). You must complete training to our satisfaction at least two weeks before opening your business.

Your business must at all times be under your on-site supervision or under the on-site supervision of or a general manager who has completed our training program. If you need to send a new manager to our training program, they may attend the next available training session at our headquarters in Concord, NH. Additional training (two-week course) for new Lead Instructors is required. We reserve the right to develop other required training or refresher courses.

Item 12 TERRITORY

(1) Your Location

Your franchise is for a specific location. If the specific location is not known at the time you sign a franchise agreement, then your location is subject to our approval.

(2) Grant of Territory

A Franchisee will receive an exclusive, protected territory based on a population of up to 100,000 or as we determine for potential smaller markets.

(3) Relocation; Establishment of Additional Outlets

You do not have the right to relocate your business, and we have no obligation to approve any request for relocation. Our policy is to approve relocation of a franchisee's business on case-by-case basis, considering factors such as changes in demographics, profitability of your current business, or a loss of your premises due to circumstances beyond your control.

You do not have the right to establish additional franchised outlets unless you sign a Multi-Unit Development Agreement ("MUDA") in the form attached as Exhibit C to this disclosure document. If you and we sign a MUDA, then you will have the right establish a mutually-agreed number of additional outlets. Under the MUDA, your right to develop additional outlets is subject to (1) you must comply with the mutually-agreed development schedule, (2) you must have sufficient financial and organizational capacity to develop, open, operate, and

manage each additional USA Ninja Challenge business, (3) you must be in compliance with all brand requirements at your open USA Ninja Challenge business(es), and (4) you must not be in default under any other agreement with us.

(4) Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

(5) Territory Protection

We grant you an exclusive territory that is not contingent on any performance and is not modifiable by us. "Exclusive" means that, within your territory, we will not open a USA Ninja Challenge location, nor license or franchise another party to open a USA Ninja Challenge location.

The continuation of your territorial protection does not depend on achieving a certain sales volume, market penetration or other contingency. There are no circumstances that permit us to modify your territorial rights.

(6) Other

(i) Restrictions on us from soliciting or accepting orders in your territory.

There are no restrictions on us from soliciting or accepting orders from consumers inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under your franchise agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

(ii) Soliciting by You Outside Your Territory

There are no restrictions on you from soliciting - outside of your territory, except that we reserve the right to control all internet-based marketing. You are not allowed to solicit within the territories of other USA Ninja Challenge locations.

(iii) Competition by Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, the franchise agreement does not prohibit us from doing so.

Item 13 TRADEMARKS

(1)–(4) Principal Trademark

The following is the principal trademark that we license to you. This trademark is owned by us. It is registered on the Principal Register of the United States Patent and Trademark Office.

Trademark	Registration Date	Registration Number
USA NINJA CHALLENGE	April 23, 2024	7364144

Because no federal registration is at least five years old, no Section 8 or 15 affidavits have been filed and the trademark above is not incontestable. The trademark has not yet been renewed.

(5) Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

(6) Litigation

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

(7) Agreements

There are no currently effective agreements that significantly limit our rights to use or license the use of trademarks listed above in a manner material to the franchise.

(8) Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the franchise agreement, then (i) we will defend you (at our expense) against any legal action by a third-party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense.

(9) Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

Item 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

(1) Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

(1)–(6) Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the US Copyright Act, whether or not we have obtained registrations. This includes our Operating Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights.

We do not know of any copyright infringement that could materially affect you.

(7) Proprietary Information

We have a proprietary, confidential Operating Manual and related materials that include guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Operating Manual and other proprietary information, and use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

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

(1) Your Participation

You are not required to participate personally in the direct operation of your business. However, we recommend that you participate.

You must designate one person as your "Principal Executive". The Principal Executive is the executive primarily responsible for your business and has decision-making authority on behalf of the business. The Principal Executive must own at least 10% of the business. The Principal Executive must complete our initial training program. The Principal Executive must make reasonable efforts to attend all in-person trainings, meetings, remote meetings (such as video conference calls) and conferences, that we require.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 3 to Exhibit B).

(2) "On-Premises" Supervision

You are not required to personally conduct "on-premises" supervision (that is, act as general manager) of your business. However, we recommend on-premises supervision by you.

There is no limit on who you can hire as an on-premises supervisor. The general manager of your business (whether that is you or a hired person) must successfully complete our training program.

If the franchise business is owned by an entity, we do not require that the general manager own any equity in the entity.

(3) Restrictions on Your Manager

If we request, you must have your general manager sign a confidentiality and noncompete agreement. We do not require you place any other restrictions on your manager.

Item 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale only goods and services that we have approved.

You must offer for sale all goods and services that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes. All sales must be made at or from your premises.

Item 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	§ 4.1	10 years
b. Renewal or extension of the term	§ 4.2	Franchisee may renew for 2 successive renewal terms of 10 years each. Renewal means the continuation of Franchisee's Franchised Business under the then-current Franchise Agreement that may contain materially different terms and conditions than Franchisee's original contract.
c. Requirements for franchisee to renew or extend	§ 4.2	For our franchise system, "renewal" means that at the end of your term, you sign our successor franchise agreement for an additional term. You may be asked to sign a contract with materially different terms and conditions than your original contract. To renew, you must give advance notice to us; be in compliance; renovate to then-current standard; sign then-current form of franchise agreement; sign general release (unless prohibited by applicable law).
d. Termination by franchisee	§ 14.1	If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	§ 14.2	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).
g. "Cause" defined curable defaults	§ 14.2	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).

Provision	Section in franchise or other agreement	Summary
h. "Cause" defined non-curable defaults	§ 14.2	Misrepresentation when applying to be a franchisee; intentionally submitting false information; bankruptcy; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; libel or defamation of us; cease operations for more than 5 consecutive days; three defaults in 12 months; cross-termination; charge or conviction of a felony, or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured.
i. Franchisee's obligations on termination/non-renewal	§§ 14.3 – 14.6	Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.
j. Assignment of agreement by us	§ 15.1	Unlimited
k. "Transfer" by franchisee - defined	Article 1	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) direct or indirect ownership interest of more than 25% of the business, or (iv) control of the business.
l. Franchisor's approval of transfer by franchisee	§ 15.2	No transfers without our approval.
m. Conditions for franchisor's approval of transfer	§ 15.2	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer signs our then-current franchise agreement; you've made all payments to us and are in compliance with the franchise agreement; buyer completes training program; you sign a general release; business complies with then-current system specifications.
n. Franchisor's right of first refusal to acquire franchisee's business	§ 15.5	If you want to transfer your business, we have a right of first refusal.

Provision	Section in franchise or other agreement	Summary
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	§§ 15.4, 11.9	If you die or become incapacitated, your executor must transfer the business to a third party within nine months. We have the right to temporarily operate the business if you die or become incapacitated.
q. Non-competition covenants during the term of the franchise	§ 7.3, 7.4	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, or be engaged or employed by, any competitor.
r. Non-competition covenants after the franchise are terminated or expires	§§ 17.2, 17.3	For two years, no ownership or employment by a competitor located within twenty-five miles of your former territory or the territory of any other USA Ninja Challenge business operating on the date of termination.
s. Modification of the agreement	§ 9.2, 22.8	No modification or amendment of the franchise agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.
t. Integration/merger clause	§ 22.7	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 may not be enforceable. However, no claim in made in any franchise agreement is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Article 23	All disputes are resolved by mediation (except for injunctive relief).
v. Choice of forum	§ 23.2	If necessary, arbitration will take place where our headquarters is located (currently, Concord, New Hampshire) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law).
w. Choice of law	§ 23.1	New Hampshire (subject to applicable state law).

For additional disclosures required by certain states, refer to Exhibit I - State Addenda to Disclosure Document

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.

Gross income for a franchise location includes revenues from tuition, registration fees, parties, camps, field trips and pro shop sales. The collection of gross annual income data from all franchise locations, that have been in operation for a minimum of two years, yielded the following results for:

	2023	**2022**	**2021**
Highest gross income	$596,604	$532,803	$389,738
Lowest gross income	$105,847	$120,977	$139,130
Average gross income	$309,779	$309,469	$266,464
Median gross income	$279,268	$303,999	$272,869

Due to the seasonal nature of this type of business, which may affect the ability for a location to have collected income from all revenue streams listed above and the average amount of time it takes to develop enrollment data (trends), the basis for data collection is derived from mature (2-year-old) outlets only.

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

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request, which may include the average first-year income for one-year-old outlets, if requested.

Of the total of twenty-four (24) operational locations in 2023, the fourteen (14) that have been in business for a minimum of two years contributed data to the 2023 results. There were seven (7) locations less than two years old and three (3) in-business satellite locations that did not contribute data to the 2023 results. Of the 14 contributing locations, 5 (36%) exceeded the average gross income amount for 2023.

Of the total of twenty-one operational locations in 2022, the twelve (12) that have been in business for a minimum of two years contributed data to the 2022 results. There were eight (8)

locations less than two years old and three (3) in-business satellite locations that did not contribute data to the 2022 results. Of the 12 contributing locations, 5 (42%) exceeded the average gross income amount for 2022.

Of the total of sixteen (16) operational locations in 2021, the ten (10) that have been in business for a minimum of two years contributed data to the 2021 results. There were three (3) locations less than two years old and three (3) in-business satellite locations that did not contribute data to the 2021 results. Of the 10 contributing locations, 6 (60%) exceeded the average gross income amount for 2021.

Other than the preceding financial performance representation, USA Ninja Challenge Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Mr. Richard Knight, 14 Chenell Drive, Concord, NH 03301 and 603-566-9560, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20 OUTLETS AND FRANCHISEE INFORMATION

Table 1
System-wide Outlet Summary for Years 2021 to 2023

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2021	15	16	+1
	2022	16	21	+5
	2023	21	24	3
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	15	16	+1
	2022	16	21	+5
	2023	21	24	3

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) for Years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Totals	2021	0
	2022	0
	2023	0

Table 3
Status of Franchised Outlets for Years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi-nations	Column 6 Non Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
Colorado	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Connecticut	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Florida	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Massachusetts	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
New Hampshire	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	0	0	0	0	0	4
North Carolina	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

Ohio	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	1	0	0	0	0	4
Pennsylvania	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Tennessee	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Texas	2021	2	1	0	0	0	0	3
	2022	3	2	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Utah	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Virginia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Totals	2021	15	1	0	0	0	0	16
	2022	16	5	0	0	0	0	21
	2023	21	3	0	0	0	0	24

Table 4
Status of Company-Owned Outlets for Years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
New Hampshire	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Totals	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2023	0	0	0	0	0	0

Table 5
Projected Openings as of December 31, 2023

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
California	2	2	0
Colorado	0	0	0
Connecticut	0	0	0
Florida	6	3	0
Georgia	1	1	0
Idaho	2	1	0
Illinois	2	1	0
Massachusetts	2	2	0
New Hampshire	1	0	0
New York	1	1	0
North Carolina	2	1	0
Ohio	1	1	0
Pennsylvania	1	1	0
Tennessee	1	1	0
Texas	3	2	0
Utah	0	0	0
Virginia	1	1	0
Wisconsin	3	1	0
Totals	29	19	0

(4) Current Franchisees

Exhibit H contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets.

(5) Former Franchisees

Exhibit H contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

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

(6) Sale of Previously Owned Outlet

We are not selling a previously-owned franchised outlet now under our control.

(7) Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

(8) Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

Item 21 FINANCIAL STATEMENTS

Exhibit F contains our required financial statements, statement of operations and balance sheet dated January 1, 2021 to December 31, 2021, January 1, 2022 to December 31, 2022 and our most recent audited Financial Statements from January 1, 2023 to December 31, 2023.

Item 22 CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
C. Multi-Unit Development Agreement
D. Rider to Lease Agreement
E. Form of General Release
J. State Addenda to Franchise Agreement

Item 23 RECEIPTS

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible or the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	State of California Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 866-275-2677	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2744	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-7042	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, Maryland 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Minnesota	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198
New York	NY State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex–69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Department of Labor and Regulation Division of Securities 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-4823	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760	
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, Wisconsin 53701 (608) 266-2801	

EXHIBIT B

USA Ninja Challenge Franchise Agreement

Summary Page

1. Franchisee: _____
2. Effective Date:_____
3. Initial Franchise Fee: _____
4. Program and Training Fee (if applicable): _____
5. Exclusivity Fee (if applicable): _____
6. Development Area: _____
7. Approved Location: _____
8. Exclusive Territory: _____
9. Opening Deadline: _____
10. Designated Manager: _____
11. Franchisee's Address: _____

Attachments

1. OWNERSHIP INFORMATION
2. LOCATION ACCEPTANCE LETTER
3. EQUIPMENT LIABILITY AGREEMENT
4. GUARANTY AND NON-COMPETITION AGREEMENT

EXHIBITS

C. MULTI-UNIT DEVELOPMENT
D. RIDER TO LEASE AGREEMENT
E. FORM OF GENERAL RELEASE
F. FINANCIAL STATEMENTS
G. OPERATIONS MANUAL TABLE OF CONTENTS
H. CURRENT AND FORMER FRANCHISEES
I. MULTI-STATE ADDENDA

FRANCHISE AGREEMENT

This Franchise Agreement is by and between USA Ninja Challenge Franchising, LLC, a New Hampshire Limited Liability Company, ("Franchisor"), and the franchisee listed on the Summary Page ("Franchisee") and is for the purpose of establishing a franchise relationship between the parties; whereas Franchisor intends to sell **and** Franchisee intends to own and operate a USA Ninja Challenge Franchised Business. Franchisor and Franchisee, intending to be legally bound, agree as follows:

1. Definitions

Whenever used in this Agreement, the following words and terms have the following meanings:

"Affiliate" means any business entity that controls, is controlled by, or is under common control with Franchisor.

"Agreement" means this agreement entitled "USA Ninja Challenge Franchise Agreement" and all instruments supplemental hereto or in amendment or confirmation hereof.

"Approved Location" means the site for the operation of the Franchised Business selected by Franchisee and approved in writing by Franchisor.

"Competitive Business" means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) services the same as or similar to those provided by Franchised Businesses or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, any Affiliate or its other franchisees; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly-held entity in which Franchisee owns more than a five percent (5%) legal or beneficial interest.

"Confidential Information" means information used in or related to USA Ninja Challenge Franchised Businesses and not commonly known by or available to the public, including, without limitation, Trade Secrets and any other information identified or labeled as confidential when delivered by Franchisor.

"Designated Manager" means the individual designated by Franchisee as having primary responsibility for managing the daily affairs of the Franchised Business.

"Effective Date" means the date on which Franchisor and Franchisee fully execute this Agreement, thereby commencing its effectiveness and term.

"Franchise" means the right granted to Franchisee by Franchisor to use the System and the Marks.

"Franchised Business" means the USA Ninja Challenge business to be established and operated by Franchisee pursuant to this Agreement.

"Gross Revenue" means the aggregate of all revenue collected from all sources in connection with the Franchised Business, whether for check, cash, credit or otherwise including, without limitation, all proceeds from any business interruption insurance, but excluding (a) any revenue franchisee remits to a customer or property owner or collection agency that franchisee is contractually obligated to remit, (b) any chargeback fees franchisee pays to a collection agency, (c) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, and (d) any rebate received by Franchisee from a manufacturer or supplier.

"Incapacity" means the inability of Franchisee, or any holder of a legal or beneficial interest in Franchisee, to operate or oversee the operation of the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation.

"Marks" means the trade name or trademark "USA Ninja Challenge" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with USA Ninja Challenge Franchised Businesses.

"Operations Manual" means the USA Ninja Challenge Operations Manual, whether in paper or electronic form, and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor.

"System" means the uniform standards, methods, procedures and specifications developed by Franchisor and as may be added to, changed, modified, withdrawn or otherwise revised by Franchisor for the operation of USA Ninja Challenge Businesses.

"Trade Secrets" means information in any form (including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in USA Ninja Challenge Franchised Businesses that are not commonly known by or available to the public and that: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

2. Grant of Franchise and Approved Location.

2.1 Grant

Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained, a license to operate one USA Ninja Challenge Franchised Business using the System and Marks solely at the Approved Location. Franchisee hereby accepts such license, and agrees to develop, open and operate a USA Ninja Challenge Franchised Business at the Approved Location for the entire term of this Agreement.

2.2 Approved Location

The street address (or detailed description of the premises) of the Approved Location for the operation of the Franchised Business is listed on the Summary Page.

2.3 Approved Location Not Determined

If the Approved Location is determined as of the Effective Date, then this Section shall be inapplicable. If the Approved Location is not determined as of the Effective Date, then the geographic area in which the Approved Location is to be located shall be within the Designated Area described on the Summary Page. Franchisee shall select and submit possible sites for Franchisor's evaluation in accordance with Section 5.1. When the Approved Location is determined, its address shall be inserted into Section 2.2, shall be initialed and dated by Franchisee and Franchisor and the Designated Area shall lapse. The failure to insert such address into Section 2.2, shall not automatically affect the enforceability of this Agreement. The Designated Area is delineated for the sole purpose of site selection and does not confer any territorial exclusivity or protection.

2.4 Territory

Franchisor shall not establish, nor license the establishment of, another USA Ninja Challenge business within the Exclusive Territory described on the Summary Page. If the Territory is not known when this Agreement is executed, then Franchisor shall determine the Exclusive Territory when it approves an Approved Location. The recommended population for a Territory is 100,000 people. Franchisee's rights in the Territory are subject to Franchisor's rights articulated in Section 2.8.

2.5 Approved Relocation

If Franchisee wishes to relocate to a new Approved Location, Franchisee shall select and submit possible sites for Franchisor's evaluation in accordance with Sections 2.3 and 5.1. Franchisor shall not unreasonably withhold its approval.

2.6 Additional Franchise Outlets

This Agreement does not grant Franchisee the right to open additional Franchised Businesses within their territory. Additional franchises, if any, shall be governed by an additional franchise agreement.

2.7 Sub-Franchising/Agents

Franchisee shall not sublicense the use of the System or Marks to any person or entity. Except as permitted in Section 18, Franchisee shall not grant any person or entity the right to perform any part of Franchisee's rights or obligations licensed hereunder.

2.8 Franchisor's Rights

2.8.1 Franchisee acknowledges that except to the extent provided in Section 2.4 above, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:

2.8.1.1 establish, own or operate, and license others to establish, own or operate, USA Ninja Challenge Franchised Businesses outside of the Territory;

2.8.1.2 be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses Competitive

Businesses within the Territory;

2.8.1.3 provide the services and sell the products authorized for USA Ninja Challenge Franchised Businesses using the Marks or other trademarks, service marks and commercial symbols through an alternate channel of distribution on such terms and conditions as Franchisor deems appropriate; and

2.8.1.4 purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to the Franchised Business some or all of which may be located anywhere, including within the Territory.

2.8.2 If Franchisor purchases or acquires such businesses within the Territory that are not franchised or licensed, Franchisor may, at its sole discretion:

2.8.2.1 offer to sell any such businesses to Franchisee or to any third party at the business's fair market value to be operated as a USA Ninja Challenge Franchised Business; or

2.8.2.2 offer Franchisee the opportunity to operate such business(s) in partnership with Franchisor (or an Affiliate) under the business(s) existing trade name or a different trade name.

2.9 Marketing and Solicitation Restrictions

2.9.1 Except as part of cooperative advertising implemented pursuant to Section 11.4, Franchisee shall not advertise in any media (other than internet based) whose primary circulation is within the territory of another franchisee.

2.9.2 Despite the marketing restriction in the previous section, Franchisee shall be permitted to serve any customers regardless of their home or business location at their Approved Location within the Territory.

3. Fees

3.1 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor set forth on the Summary Page. The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Sections 5.2, 5.7, and 8.3. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

3.2 Monthly Royalty Fee

Franchisee shall pay a fee ("Royalty Fee") on or before the 10th day of each calendar month equal to 7.5% of Gross Revenue.

Franchisee shall pay monthly Royalty Fees in the following manner: Royalty Fees will be deducted automatically through EFT; and each monthly Royalty Fee payment made by Franchisee shall accompany a sales report submitted by the 5th day of each month.

3.3 Monthly Brand Development Fund Fee

Franchisee shall pay a monthly Brand Development Fund Fee on or before the 10th day of each calendar month equal to 1.5% of Gross Revenue.

Franchisee shall pay monthly Brand Development Fund Fees in the following manner: Brand Development Fund Fees will be deducted automatically through EFT; and each monthly Brand Development Fund Fee payment made by Franchisee shall accompany a sales report submitted by the 5th day of each month.

3.4 Additional Service Fees

Franchisor reserves the right to offer new products and services to Franchisee in exchange for additional fees to be determined by Franchisor. The terms and condition of payment shall also be determined by Franchisor. The purchase of additional products and services offered by Franchisor may be optional or mandatory, at Franchisor's discretion, provided that mandatory additional fees shall not exceed $400 per month.

3.5 Taxes

Franchisee shall pay to Franchisor an amount equal to all sales taxes, excise taxes, use taxes, withholding taxes and similar taxes imposed on the fees payable by Franchisee to Franchisor hereunder and on services or goods furnished to Franchisee by Franchisor at the same time as Franchisee remits such fees to Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Approved Location is located.

3.6 Late Fees

All Royalty Fees, Brand Development Fund Contributions, amounts due for purchases by Franchisee from Franchisor and other amounts that are not received by Franchisor within five (5) days after the due date shall incur late fees at the rate of one and one-half percent (1.5%) per month (or the highest rate allowed by the law of the state where Franchisee is located), from the date payment is due to the date payment is received by Franchisor. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Brand Development Fund Contributions or any other amounts due Franchisor, including reasonable accounting and legal fees. This Section shall not constitute an agreement by Franchisor to accept any payments after the due date or a commitment by Franchisor to extend credit to or otherwise finance Franchisee.

3.7 Non-Compliance Fee

Franchisor may charge Franchisee $500 for any instance of non-compliance with the Operating Manual or this Agreement. If such non-compliance is ongoing, Franchisor may charge Franchisee $250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of Franchisor's internal cost of personnel time attributable to addressing the non-compliance and is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of Franchisor's other rights and remedies.

3.8 Application of Payments

Notwithstanding any designation by Franchisee, Franchisor shall have the right to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Brand Development Fund Contributions, purchases from Franchisor or any other amount owed to Franchisor in any proportion or priority.

4. Term and Renewal

4.1 Initial Term

This Agreement shall be effective and binding for an initial term of ten (10) years from the Effective Date, unless sooner terminated pursuant to Section 16.

4.2 Renewal Terms

Subject to the conditions below, Franchisee has the right to obtain a successor franchise at the expiration of the term of this Agreement by entering into a new franchise agreement with Franchisor. Franchisee's right to a successor franchise is limited to two (2) successive renewal terms of ten (10) years each, such that the total term of the Franchise shall not exceed thirty (30) years. To qualify for a successor franchise, each of the following conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement:

(i) Franchisee has, during the entire term of this Agreement, fully complied with all material provisions of this Agreement;

(ii) Franchisee has access to and, for the duration of the successor franchise, the right to remain in possession of the Approved Location, or a suitable substitute location approved by Franchisor, which is in full compliance with Franchisor's then-current specifications and standards;

(iii) Franchisee has, at its expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that the Franchised Business reflects Franchisor's then-current standards and specifications;

(iv) Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the term of this Agreement;

(v) Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor;

(vi) Franchisee has given written notice of its intent to operate a successor franchise to Franchisor not less than nine (9) months nor more than twelve (12) months prior to the end of the term of this Agreement;

(vii) Franchisee has executed Franchisor's then-current form of franchise agreement that may be different from this Agreement (or has executed other documents at Franchisor's election that modify this Agreement to reflect the fact that the Franchise Agreement relates to the grant of a successor franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee or Brand Development Fund Contribution; provided, however, that Franchisee shall not be required to pay either a renewal fee or the then-current Franchise Fee;

(viii) Franchisee has complied with Franchisor's then-current qualifications for a new franchise and has agreed to comply with any training requirements; and

(ix) Franchisee has executed a general release, in a form required by Franchisor, of any and all claims against Franchisor, any affiliate and against their officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Business is located.

5. Approved Location

5.1 Selection of Site

Franchisor will advise Franchisee regarding potential locations. Franchisee shall select a facility to lease or purchase for the operation of the Franchised Business, which is subject to approval by Franchisor. If an Approved Location for the Franchised Business has not been determined as of the Effective Date, Franchisee shall promptly select a site for the Franchised Business and shall notify Franchisor of such selection. Franchisor shall evaluate the site and notify Franchisee of its approval or disapproval of the site within a reasonable time (usually thirty (30) days) of receiving notice of the site from Franchisee. If Franchisor approves of such selection, the site shall be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee shall select and notify Franchisor of new sites until Franchisor approves a site for the Franchised Business. Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including, without limitation, the condition of the premises, demographics of the surrounding area, proximity to other USA Ninja Challenge Franchised Businesses, proximity to Competitive Businesses, or the size of the location and lease requirements. Franchisee shall not locate the Franchised Business on a selected site without the prior written approval of Franchisor. ***Franchisor does not represent that it, or any of its Affiliates, owners, employees or agents, have special expertise in selecting sites. Neither Franchisor's assistance nor approval is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Approved Location. Franchisee is solely responsible for identifying the Approved Location.***

5.2 Failure to Select Site

Should Franchisee fail to obtain an Approved Location by signing a lease agreement for that location within twelve (12) months after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.2, Franchisee would be offered the refund of 50% of the in4itial franchise fee, less any expenses incurred by Franchisor, including, but not limited to travel, legal, accounting and paid professional services. This shall terminate any future obligations to Franchisee upon Franchisor's receipt of a general release in a form specified by Franchisor, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

5.3 Lease of Approved Location

If Franchisee is to execute a lease for, or a binding agreement to purchase, the Approved Location, Franchisee must obtain Franchisor's approval of the terms. Franchisor shall not unreasonably withhold its approval. ***Franchisor's review of a lease or purchase agreement, or any advice or recommendation offered by Franchisor, shall not constitute a representation or guarantee that Franchisee will succeed at the Approved Location nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement. Franchisee acknowledges and agrees that Franchisee shall solely rely on its review of any such lease or purchase agreement.*** Franchisor shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Franchisee shall take all actions necessary to maintain the lease, if any, of the Approved Location while this Agreement is in effect. Any default for which the lease may be terminated shall also be deemed a default hereunder and the time to cure the same shall expire when the lease is terminated. Franchisor has the right to require that the lease for the Approved Location be collaterally assigned by Franchisee to Franchisor, pursuant to the terms of its standard collateral assignment of lease form, to secure performance by Franchisee of its obligation under this Agreement. Franchisor's approval of a lease shall be conditioned upon inclusion of terms in the lease acceptable to Franchisor and, at Franchisor's option, the lease shall contain such provisions as Franchisor may reasonably require, including but not limited to:

(i) a provision reserving to Franchisor the right, but not the obligation, at Franchisor's election, to receive an assignment of the leasehold interest without payment of any assignment fee or similar charge and without a requirement for the payment of an additional security deposit or any increase in rent or other fees upon termination or expiration of the Franchise. The lessor agrees that, before the effective date of any assignment of the lease to Franchisor (or its designee), Franchisee shall be solely responsible for all obligations, debts and payments under the lease;

(ii) a provision requiring the lessor to provide Franchisor with a copy of any written notice of deficiency sent by the lessor to Franchisee, and granting to Franchisor the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within fifteen (15) days after the expiration of the period in which Franchisee may cure the default;

(iii) a provision requiring the lessor to provide Franchisor (at the same time lessor provides to Franchisee) a copy of all lease amendments and assignments, and a copy of all letters and notices lessor sends to Franchisee relating to the lease or the leased premises;

(iv) a provision permitting Franchisor to enter the leased premises to make any modifications or alterations necessary in Franchisor's sole discretion to protect the System and the Marks without being guilty of trespass, or other tort or other crime;

(v) a provision allowing Franchisee to display the Marks in accordance with the specifications required by the Operations Manual, subject only to the provisions of applicable law;

(vi) a provision prohibiting the premises from being used for any purpose other than the operation of the Franchised Business;

(vii) a provision allowing Franchisor, upon expiration and non-renewal or termination of the lease or the Franchise Agreement, to enter the premises and remove any interior and exterior signs containing the Marks and trade fixtures;

(viii) a provision stating that upon default of this Agreement, Franchisor or its nominee has the right, but not the obligation, to take possession of the Approved Location and operate the Franchised Business and notwithstanding Franchisor's (or the nominee's) possession, the lessor agrees that during all times prior to an assignment of the lease to Franchisor (or its designee), Franchisee shall be solely responsible for all obligations, debts and payments under the lease incurred prior to or during such possession and prior to such assignment; and

(ix) a provision stating that lessor shall not amend or otherwise modify the lease in any manner that would affect any of the foregoing provisions to be included in the lease set forth above without Franchisor's prior written consent.

5.4 Development of Approved Location

(A) Franchisor shall assist Franchisee on the development, layout, and build-out of the Approved Location.

(B) Franchisor shall specify in the initial equipment package for the Gym. Franchisee shall purchase all or substantially all of the initial equipment package needed for the Gym from or through Franchisor, on the terms set by Franchisor. Franchisor may charge and retain an additional fee equal to 20% of the vendors' pricing to Franchisor.

(C) Franchisor shall make available to Franchisee specifications for the development of the Approved Location, including specifications for improvements, supplies and equipment that are necessary for the development and operation of a USA Ninja Challenge Franchised Business. Franchisee shall cause the Approved Location to be developed, equipped and improved in accordance with such specifications. In connection with the development of the Approved Location, Franchisee shall:

(i) Obtain all permits and licenses required for operation of the Franchised Business, and certify in writing that all such permits and certifications have been obtained;

(ii) Purchase any supplies or inventory necessary for the operation of the Franchised Business, as specified in the Operations Manual;

(iii) Purchase all equipment and purchase and install furniture and fixtures, including any software and computer equipment, required by Franchisor for the operation of the Franchised Business; and

(iv) Establish high-speed Internet access and obtain at least one telephone number solely dedicated to the Franchised Business.

(D) Franchisee shall engage a licensed General Contractor for the development and build-out of the Gym. Franchisee's General Contractor is subject to approval of Franchisor.

5.5 Failure to Develop Approved Location

Should Franchisee fail to develop the Approved Location within 6 months after the site approval, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section, Franchisor shall terminate any future obligations to Franchisee upon Franchisor's receipt of a general release, in the form required by Franchisor, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

5.6 Opening

Before opening the Franchised Business and commencing business, Franchisee shall be prepared to open and continuously operate the Franchised Business by the Opening Deadline stated on the Summary Page, and Franchisee shall:

(i) Fulfill all of the obligations of Franchisee pursuant to the other provisions of this Section 5;

(ii) Furnish Franchisor with copies of all insurance policies required by this Agreement, or by the lease (if any), or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

(iii) Complete initial training to the satisfaction of Franchisor;

(iv) Hire and train the personnel necessary or required for the operation of the Franchised Business; and

(v) Obtain Franchisor's permission and approval of an opening date; Franchisor shall not unreasonably withhold consent to open. Permission to open shall be based on Franchisor's determination that Franchisee is ready to open and satisfactorily prepared to operate; and pay in full all amounts due to Franchisor.

5.7 Failure to Open

Should Franchisee fail to commence operations of the Franchised Business by the Opening Deadline, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section, Franchisor shall refund 50% of the initial franchise fee paid by Franchisee, less any expenses incurred by Franchisor, including, but not limited to travel, legal, accounting and paid professional services upon Franchisor's receipt of a general release in a form specified by Franchisor, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities). The amount of the Franchise Fee retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of

Franchisee's failure to timely commence operations of the Franchised Business and shall not be construed as nor considered to be a penalty.

5.8 Use of Approved Location

Franchisee shall not use the Approved Location for any purpose other than for the operation of a Franchised Business in full compliance with this Agreement and the Operations Manual, unless approved in writing by Franchisor.

5.9 Relocation

Franchisee shall not relocate the Approved Location without the prior written consent of Franchisor. If the Approved Location is leased, and the lease expires or terminates through no fault of Franchisee or if the Approved Location's location is destroyed, condemned or otherwise rendered unusable, Franchisee may request the right to relocate the Approved Location either permanently or temporarily as appropriate under the circumstances and Franchisor shall not unreasonably withhold its consent to such relocation. Should Franchisee desire to relocate the Approved Location for any other reason, Franchisee shall request the right and Franchisor may approve or disapprove such request. Any relocation of the Approved Location shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in Sections 2.5 and 5.9. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee, including, but not limited to, legal and accounting fees. Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance. If Franchisor and Franchisee do not agree upon a substitute site within ninety (90) days after the lease expires or is terminated or the Approved Location is rendered unusable, this Agreement shall terminate as provided in Section 16.2.1.1.

6. Proprietary Marks

6.1 Ownership

Franchisee's right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire an ownership interest in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, title or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

6.2 Limitations on Use

Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark

Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification, and shall display at the Approved Location, a prominent notice stating that the Franchised Business is an "Independently Owned and Operated Franchise" of Franchisee.

6.3 Notification of Infringements and Claims

Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor has the right to take such action, as it deems appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks.

6.4 Indemnification for Use of Marks

Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark, provided that Franchisee has complied with the provisions of Section 6.3 and has complied with this Agreement and Franchisor's directions in responding to such proceeding. At Franchisor's option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee's use of any Mark. This indemnification shall, not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks; not apply to litigation between Franchisor and Franchisee wherein Franchisee's use of the Marks is disputed or challenged by Franchisor; not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee's use of the Marks.

6.5 Discontinuance of Use

If Franchisor deems it necessary for Franchisee to modify or discontinue use of any of the Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within ten (10) business days after notice to Franchisee by Franchisor and subject to the limitations in Section 10.2. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark.

6.6 Right to Inspect

To preserve the validity and integrity of the Marks licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, Franchisor and its designees have the right to enter and inspect the Approved Location at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations, and to inspect facilities, equipment,

products, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor and its agents shall have the right, at any reasonable time, to remove sufficient quantities of products, supplies or other items to test whether such products or items meet Franchisor's then-current standards. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Business and to interview and survey (whether in person or by mail) customers and employees and to photograph or videotape the operations.

6.7 Franchisor's Sole Right to Domain Name

Franchisee shall not advertise on the Internet using, or establish, create or operate an Internet site or website using a domain name or uniform resource locator containing, the Marks or the words "USA Ninja Challenge" or any variation thereof without Franchisor's written approval. Franchisor is the sole owner of all rights, title and interest in and to such domain names as Franchisor shall designate in the Operations Manual.

7. Trade Secrets and Other Confidential Information.

7.1 Confidentiality of Trade Secrets and Other Confidential Information

Franchisee acknowledges that Franchisor shall disclose Trade Secrets and other Confidential Information to Franchisee during the training program, through the Operations Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in the Trade Secrets or other Confidential Information, other than the right to use it in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute unfair competition. Franchisee acknowledges that the Trade Secrets and other Confidential Information are proprietary and are disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, executives, managers and members of the professional staff of Franchisee): (a) shall not use the Trade Secrets or other Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information. Franchisee shall enforce this section as to its employees, agents and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them.

7.2 Additional Developments

All ideas, concepts, techniques or materials concerning the System or developed, in whole or in part, using Trade Secrets or other Confidential Information, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, shall be promptly disclosed to Franchisor and shall be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation shall be due to Franchisee or its owners or employees therefore, and Franchisee agrees to assign to

Franchisor all right, title and interest in any intellectual property so developed. Franchisor has the right to incorporate such items into the System. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign, and by this Agreement, does assign, ownership of that item, and all related rights to that item, to Franchisor and shall sign any assignment or other document as Franchisor requests to assist Franchisor in obtaining or preserving intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

7.3 Exclusive Relationship

Franchisee acknowledges that Franchisor would be unable to protect the Trade Secrets and other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among USA Ninja Challenge franchisees if owners of Franchised Businesses and members of their immediate families or households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families or households), nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person other entity, shall divert or attempt to divert any business or customer of the Franchised Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or own an interest in, manage, operate, or perform services for any Competitive Business wherever located.

7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

Franchisor has the right to require any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff of Franchisee to execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 2, upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to this Section. Such agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third-party beneficiary with the right to enforce covenants contained in such agreements.

7.5 Reasonableness of Restrictions

Franchisee acknowledges that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion; Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, the System and the Marks and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

8. Training and Assistance

8.1 Initial Training

Franchisor shall make an initial training program available to the Franchise Owners, one Designated Manager and one Lead Instructor per location at a cost of $7,500 (included in Estimated Investment – see Item 7 of the FDD). Approximately 30 days prior to the opening of the Franchised Business, the Owners, Designated Manager and Lead Instructor(s) must attend and successfully complete, to Franchisor's satisfaction, Franchisor's initial training program pertaining to the operation and administration of the Franchised Business. Franchisor shall conduct the initial training program at its headquarters, Franchisee's Approved Location or at another location, as determined by Franchisor. Franchisor shall not charge tuition or similar fees for subsequent training, however, all expenses incurred by Franchisee in attending training programs including, but not limited to, travel costs, room and board expenses and employees' salaries, shall be the sole responsibility of Franchisee. Franchisee shall be responsible for training its management and other employees.

8.2 Opening Assistance

In conjunction with the beginning of operation, Franchisor shall have at least one representative experienced in the System provide on-site opening assistance for at least four days, for the purpose of familiarizing Franchisee's staff with the Franchised Business System techniques and for the purpose of providing general assistance and guidance in connection with the opening of the Franchised Business. If Franchisee requests additional assistance with respect to the opening or continued operation of the Franchised Business, and should Franchisor deem it necessary and appropriate to comply with such request, Franchisee shall pay Franchisor's then-current standard rates, plus expenses, for such additional assistance.

8.3 Failure to Complete Initial Training Program

If Franchisor determines that the Designated Manager is unable to satisfactorily complete the training program described above, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section, Franchisor shall return to Franchisee fifty percent (50%) of the Franchise Fee paid by Franchisee, less any expenses incurred by Franchisor, including, but not limited to travel, legal, accounting and paid professional services upon Franchisor's receipt of a general release, in the form required by Franchisor, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities). If Franchisee is a business entity and the Designated Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, Franchisee may be permitted to select a substitute manager and such substitute manager must complete the initial training to Franchisor's satisfaction.

8.4 New Designated Manager or Lead Instructor

After beginning operations, should Franchisee name a new Designated Manager or Lead Instructor, Franchisee must notify Franchisor of the identity of the new Designated Manager and/or Lead Instructor. The new Designated Manager and/or Lead Instructor must complete the initial training program to Franchisor's satisfaction within thirty (30) days (or at the next available training session) of being named. New Designated Managers and Lead Instructors may attend the initial training program without charge, provided that Franchisor has the right to require Franchisee to pay the costs of training if Franchisor determines that manager changes are excessive or caused by poor hiring practices. Franchisee shall be responsible for all travel costs,

room and board and employees' salaries incurred in connection with the new Designated Manager's and/or Lead Instructor's attendance at such training.

8.5 Ongoing Training

From time to time, Franchisor may provide, and if it does, has the right to require that the Designated Manager or Lead Instructor attend ongoing training programs or seminars during the term of this Agreement. Franchisor shall not charge a fee for any mandatory ongoing training. Franchisee shall be responsible for all travel costs, room and board and employees' salaries incurred in connection with the Designated Manager's or Lead Instructor's attendance at such training.

8.6 Certification

We may require that all of your Coaches be certified by us to instruct students in the USA Ninja Challenge program. If additional travel expenses are incurred for one of our Franchisor staff trainers to visit your location to complete training for your Designated Manager or Lead Instructor, we may charge a fee to cover these travel expenses and our Franchisor trainer's time.

9. Operations Manual

9.1 Loan by Franchisor

While this Agreement is in effect, Franchisor shall grant Franchisee access to an electronic copy of the Operations Manual. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Operations Manual. The Operations Manual may consist of one (1) or more separate manuals and other materials as designated by Franchisor and is in written or electronic form. The Operations Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned to Franchisor upon expiration or termination of this Agreement.

9.2 Revisions

Franchisor has the right to add to or otherwise modify the Operations Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor; provided, however, that no such addition or modification shall materially alter Franchisee's fundamental status and rights under this Agreement. Franchisor may make such additions or modifications without prior notice to Franchiseeand will announce such modifications directing Franchisee to the updated digital copy of the Operations Manual. If a dispute as to the contents of the Operations Manual arises, the terms of the master copy of the Operations Manual maintained by Franchisor at Franchisor's headquarters shall be controlling.

9.3 Confidentiality

The Operations Manual contains Trade Secrets and other Confidential Information of Franchisor and its contents shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Operations Manual is available at the Approved Location in a current and up-to-date manner. If the Operations Manual is in paper form or stored on computer-readable media, Franchisee shall maintain the Operations Manual in a secure manner at the Approved Location; if the Operations Manual is in electronic form, Franchisee shall maintain the Operations Manual in a password-protected file. Franchisee shall

only grant authorized personnel, as defined in the Operations Manual, access to the Operations Manual or any key, combination or passwords needed for access to the Operations Manual. Franchisee shall not disclose, duplicate or otherwise use any portion of the Operations Manual in an unauthorized manner.

10. Franchise System.

10.1 Uniformity

Franchisee shall strictly comply, and shall cause the Franchised Business and its employees to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Operations Manual or other communications supplied to Franchisee by Franchisor.

10.2 Modification of the System

Franchisor has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, and computer hardware, software, equipment, inventory, supplies or sales and marketing techniques. Franchisee shall accept and use any such changes in, or additions to, the System as if they were a part of this Agreement as of the Effective Date. Franchisee shall make such expenditures as such changes, additions or modifications in the System may reasonably require; provided, however, Franchisee shall not be required to implement or conform to any such changes, additions or modifications if the cost to do so would exceed (a) FIVE THOUSAND DOLLARS ($5,000.00) during the first (1st) year of the term of this Agreement; (b) TWENTY THOUSAND DOLLARS ($20,000.00) in the aggregate during the initial term of this Agreement (which amounts may be increased consistent with increases to the Consumer Price Index, U.S. City Average, all items, 1982-84=100, as published by the United States Department of Labor, Bureau of Labor Statistics "CPI-U"); or (c) FIVE THOUSAND DOLLARS ($5,000.00) during the final year of the term of this Agreement if Franchisee provides written notice of its intention not to renew the Franchise. Any required expenditure for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 13.2. Notwithstanding the foregoing, Franchisee shall be required to make any and all improvements or modifications whenever such are required by law, regulation, agency decision or court order.

10.3 Variance

Franchisor has the right to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of any particular Franchised Business. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance granted to another franchisee.

11. Advertising and Promotional Activities

11.1 Market Introduction Advertising

Prior to, and/or during a period of approximately three (3) months following the initial opening of the Franchised Business, Franchisee shall spend a minimum of $10,000 as specified by Franchisor on local advertisement and promotion of the initial opening ("Market Introduction

Advertising"). Franchisor shall determine and specify an appropriate minimum amount which Franchisee shall be required to expend on Market Introduction Advertising based upon Franchisor's general assessment of the area surrounding the Franchised Business and taking into account other potentially relevant factors, such as prevailing costs of advertising in the area, the time of year of opening and other similar factors. Further, Franchisor shall specify the time at which Franchisee shall conduct Market Introduction Advertising. Prior to their use, all materials to be used in Market Introduction Advertising must be approved by Franchisor through the process set forth in Section11.2.2. Market Introduction Advertising expenditures shall be in addition to any on-going Local Advertising expenditures and Brand Development Fund Contributions.

11.2 Local Advertising

11.2.1 Franchisee shall continuously promote the Franchised Business. During the preopening period of three months prior to opening and the first two years of operation, Franchisee shall follow the prescribed Marketing Expense Schedule, determined by Franchisor, for advertising, promotions and public relations within the immediate locality surrounding the Franchised Business ("Local Advertising"). Such expenditures shall be made directly by Franchisee. For the period starting three months prior to opening and ending three months after opening for business, Franchisee shall pay to Franchisor or approved vendor the amount of $15,000 to $25,000 to cover all necessary expenses for the 6-month period which includes pre-opening, soft opening, Grand Opening and post Grand Opening marketing. After this period, Franchisee may opt to manage their own marketing expenses or continue to pay Franchisor for some or all marketing services, continuing to follow the Marketing Expense Schedule and branding guidelines. Franchisor shall provide general guidelines to Franchisee for conducting Local Advertising. Within five (5) days after the end of each month, Franchisee shall furnish to Franchisor an accurate accounting of the expenditures on Local Advertising for the preceding month as included in the monthly sales report.

11.2.2 Franchisee shall submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee including, but not limited to, television ads, radio ads, ad copy, coupons, flyers, scripts and direct mail. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within five (5) days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials by the end of such five (5) day period, such materials shall be deemed to be rejected. Franchisee shall not use any marketing or promotional material prior to approval by Franchisor. The submission of advertising materials to Franchisor for approval shall not affect Franchisee's right to determine the prices at which Franchisee sells products or provides services.

11.3 Brand Development Fund

11.3.1 Franchisor has established and administers a system-wide brand development, advertising and promotion fund to assist in Franchisor's regional and national brand development ("Brand Development Fund"). Franchisee shall be required to contribute 1.5% of Gross Sales monthly to the Brand Development Fund in an amount specified by Franchisor and which Franchisor may adjust from

time to time ("Brand Development Fund Contribution"). Brand Development Fund Contributions shall be made at the time and in the manner provided for Brand Development Fees in Section 3.3. Franchisor shall notify Franchisee at least thirty (30) days before changing Brand Development Fund Contribution requirements.

11.3.2 The Brand Development Fund shall be maintained and administered by Franchisor or its designee as follows: Franchisor shall oversee all marketing programs, with sole control over creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or *pro rata* from expenditures by the Brand Development Fund. The program(s) may be local, regional or System-wide. Franchisor does not warrant the success or effectiveness of any particular marketing program.

11.3.3 Franchisee's Brand Development Fund Contributions may be used to meet the costs of, or to reimburse Franchisor for its costs of, producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine, newspaper, and direct mail advertising campaigns and other public relations activities; developing and/or hosting an Internet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). All Brand Development Fund Contributions shall be maintained in a separate account from the monies of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the Brand Development Fund.

11.3.4 Franchisor shall endeavor to spend all Brand Development Fund Contributions on marketing programs and promotions during Franchisor's fiscal year within which such contributions are made. If excess amounts remain in any Brand Development Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest or other earnings of the Brand Development Fund, and next out of prior year contributions and then out of current contributions.

11.3.5 Although Franchisor intends the Brand Development Fund to be of perpetual duration, Franchisor has the right to terminate the Brand Development Fund at any time. The Brand Development Fund shall not be terminated, however, until all Brand Development Fund Contributions have been expended for advertising and promotional purposes or returned to Franchisee and other franchisees on a *pro rata* basis based on total Brand Development Fund Contributions made in the aggregate by each franchisee.

11.3.6 Each franchised business operated by Franchisor or an Affiliate shall make Brand Development Fund Contributions at the same rate as Franchised Businesses.

11.3.7 An accounting of the operation of the Brand Development Fund shall be prepared annually and shall be available to Franchisee upon request. Franchisor retains the right to have the Brand Development Fund reviewed or audited and reported on, at the expense of the Brand Development Fund, by an independent certified public accountant selected by Franchisor.

11.3.8 Franchisee acknowledges that the Brand Development Fund is not a trust and Franchisor assumes no fiduciary duty in administering the Brand Development Fund.

11.4 Cooperative Advertising

Franchisor has the right, but not the obligation, to create a cooperative advertising program for the benefit of Franchised Businesses located within a particular region. Franchisor has the right to collect and designate all or a portion of the Local Advertising to payments or contributions to Franchisor for the funding of a cooperative advertising program. Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of each cooperative advertising program and to require that Franchisee participate in such cooperative advertising programs when established within Franchisee's region. If a cooperative advertising program is implemented in a particular region, Franchisor has the right to administer the cooperative advertising Program or to establish an advertising council of franchisees to self-administer the cooperative advertising program. Franchisee shall participate in the council according to the rules and procedures established by the council and Franchisee shall abide by the council's decisions. Should Franchisor establish a cooperative advertising program or programs with or without an advertising council, Franchisor has the right, but not the obligation, to change, dissolve or merge such program(s) and/or council(s) at any time.

11.5 Internet Advertising

Franchisor has established and maintains a web site at the uniform resource locator www.usaninjachallenge.com that provides information about the System and the products and services that Franchisor and its franchisees provide. All franchises receive a directory listing on the national USA Ninja Challenge web site. This listing directs visitors to the nearest USANC location.

11.5.1 Web Site Set-up - Franchisee receives a turnkey, branded web site built with a user accessible CMS (Content Management System). The current cost of a new web site set-up is $1,500.

11.5.2 Content Updates - Franchisees may maintain and update the editable content of their own sites. If Franchisees request or require assistance with web site content changes or updates, support will be charged at a rate of $60.00. A time log is kept for each franchise using the update assistance. Support time is accumulated in tenth-of-an-hour increments with no minimum.

11.5.3 Monthly Hosting Package - The current web hosting cost as of 1-1-22 is $24.00 per month. Hosting includes site hosting via WebFlow Hosting and CMS. Email services are provided separately via Microsoft Exchange. The cost of email service is $5 per month per user. The Franchisee must use the Franchisor's web hosting partner and email provider.

11.5.4 Facebook - Franchisee will receive assistance in setting up a Facebook page. Help will be available for learning about proper content, frequency of posting, ad boosting, etc. All pages will be monitored to ensure successful results. Franchisee may maintain a Facebook page or may elect to utilize and pay for our vendor-supplied social media management. All self-managed or vendor-supplied social media marketing must follow brand and style guide policies and guidelines.

11.5.5 Instagram - All locations are encouraged to start an Instagram page, but it is not required. Help is available from the Franchisor's social media vendor for those who wish to participate in Instagram.

All web-based information shall be subject to Franchisor's approval prior to posting. Franchisor retains the sole right to advertise and sell the products and services offered by franchised businesses and to or use the Marks on the Internet, including the use of web sites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and cobranding arrangements. Franchisee shall be required to follow Franchisor's intranet and Internet usage rules, policies and requirements. Franchisor retains the sole right to approve any linking to, or other use of, the USA Ninja Challenge websites.

12. Accounting, Records and Reporting Obligations

12.1 Records

During the term of this Agreement, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Operations Manual or otherwise in writing. Franchisee shall retain during the term of this Agreement, and for three (3) years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law.

12.2 Gross Revenue Reports

Franchisee shall maintain an accurate record of monthly Gross Revenue and shall deliver to Franchisor via facsimile transmission, email, or the intranet, a statement of monthly Gross Revenue ("Gross Revenue Report") by the fifth (5^{th}) day of each month for the previous month in a form that Franchisor approves or provides in the Operations Manual.

12.3 Financial Statements

If requested by Franchisor, Franchisee shall supply to Franchisor on or before the tenth (10^{th}) day following the close of a fiscal quarter, in a form approved by Franchisor, a balance sheet as of the end of the last day of the preceding month and an income statement for the preceding quarter and the fiscal year-to-date. Franchisee shall, at its expense, submit to Franchisor within ninety (90) days after the end of each calendar year, an income statement for

the calendar year just ended and a balance sheet as of the last day of the calendar year. Such financial statements shall be prepared in accordance with GAAP, applied on a consistent basis.

12.4 Other Reports

Upon request of Franchisor, Franchisee shall submit to Franchisor such other reports and information related to the Franchised Business (including financial statements, reports, records, copies of contracts, documents related to litigation, tax returns, and copies of governmental permits) in the manner and at the time specified in the Operations Manual or otherwise in writing. Franchisee shall submit to Franchisor copies of all state sales tax returns that are required to be filed with the appropriate governmental agency. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's lenders or prospective lenders.

12.5 Computer Equipment

Franchisor reserves the right to require Franchisee to purchase, install and use computer and point-of-sale systems consisting of hardware and software in accordance with Franchisor's specifications. Franchisor shall have full access to all of Franchisee's computer and point-of-sale data and systems and all related information by means of direct access, either in person or by telephone, modem or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement.

12.6 Right to Inspect

Franchisor or its designee has the right, during normal business hours, to examine, copy and audit the books, records and tax returns of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum (or the highest rate allowed by the law of the state where Franchisee is located, whichever is lower). If the audit or any other inspection discloses an underpayment of three percent (3%) or more of the amount due for any period covered by the audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

12.7 Release of Records

At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting and legal professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Revenue, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired term of this Agreement or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor.

13. Standards of Operation

13.1 Authorized Products, Services and Suppliers

13.1.1 Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality products and services to its customers. Accordingly, Franchisee shall provide or offer for sale or use at the Franchised Business only those items and services that Franchisor from time to time approves (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards.

13.1.2 Franchisor shall provide Franchisee, in the Operations Manual or other written or electronic form, with a list of specifications and a list of Approved Suppliers for some or all of the supplies, signs, furniture, fixtures, inventory, equipment and other approved or specified items and services. Franchisor may from time-to-time issue revisions to such list. Franchisee shall not offer for sale, sell or provide through the Franchised Business or from the Approved Location any products or services that Franchisor has not approved. Franchisor may revoke its approval of any item, service or supplier at any time by notifying Franchisee and/or the supplier. Franchisee shall, at its own expense, promptly cease using, selling or providing any items or services disapproved by Franchisor and shall promptly cease purchasing from suppliers disapproved by Franchisor.

13.1.3 If Franchisee desires to utilize any products or services that Franchisor has not approved (for products and services that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications and samples for Franchisor to determine whether the service or product complies with its standards and specifications or whether the supplier meets its Approved Supplier criteria. Franchisee shall bear all expenses incurred by Franchisor in connection with determining whether it shall approve an item, service or supplier. Franchisor will decide within a reasonable time (usually thirty (30) days) after receiving the required information whether Franchisee may purchase or lease such items or services or from such supplier. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product; quality of products or services at competitive prices; production and delivery capability; and dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor deems confidential.

13.1.4 If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or its Affiliate.

13.1.5 Franchisor has the right to designate certain products and services, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right to give its consent to one (1) or more franchisees to provide certain products or services not authorized for general use as part of the System. Such consent will be based upon the factors set forth in

Section 10.3 and shall not create any rights in Franchisee to provide the same products or services.

13.1.6 Franchisor has the right to retain volume rebates, markups and other benefits from suppliers or in connection with the furnishing of suppliers. Franchisee shall have no entitlement to or interest in any such benefits.

13.2 Appearance and Condition of the Franchised Business

Franchisee shall maintain the Approved Location, equipment and signage in "like new" condition, and shall repair or replace equipment fixtures, supplies, inventory and signage as necessary to comply with the health and safety standards and specifications of Franchisor and Franchisee's lessor and any applicable laws or regulations. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications, as described in Section 10.2.

13.3 Ownership and Management

The Franchised Business shall, at all times, be under the direct supervision of Franchisee and/or a Designated Manager who will provide personal "on premises" supervision of the Franchised Business. The Designated Manger is required to have completed the required Franchise Training (see Item 11, Section 7 of FDD) and will devote sufficient efforts to the management of the day-to-day operation of the Franchised Business, which shall entail not less than thirty (30) hours per week, excluding vacation, sick leave and similar absences. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its Designated Manager. Franchisee and the Designated Manager must not engage in any business or other activities that will conflict with their obligations under this Agreement.

13.4 Days of Operation

Franchisee shall keep the Franchised Business open for business during normal business hours on the days specified in the Operations Manual.

13.5 Contributions and Donations

In order to protect the Marks, Franchisee must obtain Franchisor's prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any organization). Franchisor may withhold any such consent in its sole and absolute discretion.

13.6 Licenses and Permits

Franchisee shall secure and maintain in force all required licenses, permits and certificates necessary for the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

13.7 Notification of Proceedings

Franchisee shall notify Franchisor in writing of the receipt of a notice of demand or threatened claim of liability of, or damages against or involving, Franchisee or the Franchised

Business not more than five (5) days after Franchisee's receipts of such notice. Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of the Franchised Business not more than five (5) days after notice of such commencement or issuance. Franchisee shall deliver to Franchisor not more than five (5) days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation.

13.8 Compliance with Good Business Practices

Franchisee acknowledges that the quality of customer service, and every detail of appearance and demeanor of Franchisee and its employees, is material to this Agreement and the relationship created and licenses granted hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. The Franchised Business shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right to intervene and satisfy the customer. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the Franchised Business pursuant to this Section.

13.9 Personnel

13.9.1 Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual. Uniforms must be purchased from an Approved Supplier.

13.9.2 Franchisee shall comply with Franchisor's training requirements for Franchisee's personnel.

13.9.3 Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and Franchisor are not joint employers, and no employee of Franchisee will be an agent or employee of Franchisor.

13.10 Email

Franchisee shall, at all times and at Franchisee's expense, maintain the email address(es), provided by Franchisor, for communicating with Franchisor. Upon request, Franchisee may also be assigned and use e-mail address(es) based on a domain name approved by Franchisor.

13.11 Best Efforts

Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee shall require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all products and services provided as part of the System.

14. Franchisor's Additional Operations Assistance

14.1 General Advice and Guidance

Franchisor shall be available to render advice, discuss problems and offer general guidance to Franchisee by telephone, email, facsimile, newsletters and other methods with respect to planning, opening and operating the Franchised Business. Franchisor shall not charge for this service. However, Franchisor retains the right to refuse or charge a fee for this service should Franchisee be deemed by Franchisor to be utilizing this service too frequently or in an unintended manner. Franchisor's advice or guidance to Franchisee relative to prices for products and services that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor and its franchisees in operating USA Ninja Challenge businesses and an analysis of costs and prices charged for competitive products and services. Franchisee shall have the sole right to determine the prices to be charged by the Franchised Business; provided, however, that Franchisor shall have the sole right to determine the prices to be charged for products sold through the USA Ninja Challenge web site, including products sold to persons identified as customers of the Franchised Business.

14.2 Periodic Visits

Franchisor or Franchisor's representative shall make periodic visits, which may be announced or unannounced, to the Franchised Business for the purposes of consultation, assistance and guidance with respect to various aspects of the operation and management of the Franchised Business. Franchisor and Franchisor's representatives who visit the Franchised Business may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements as required by Franchisor with time being of the essence.

15. Insurance

15.1 Types and Amounts of Coverage

At its sole expense, Franchisee shall procure within sixty (60) days of the Effective Date, and maintain in full force and effect during the term of this Agreement, the types of insurance listed below. All policies (except any workers' compensation insurance) shall expressly name Franchisor as an additional insured or loss payee and all shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

(i) "all risk" property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business. Franchisee's property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;

(ii) workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and employer liability coverage with a minimum limit of ONE HUNDRED

THOUSAND DOLLARS ($100,000.00) or, if higher, the statutory minimum limit as required by state law; and

(iii) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law or as specified by the landlord (property owner).

15.2 Future Increases

Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances.

15.3 Carrier Standards

Such policies shall be written by an insurance company licensed in the state in which Franchisee operates and having at least an "A" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A-" in the same classification, Franchisor demands an "A" rating.

15.4 Evidence of Coverage

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 21.3. Franchisee shall provide, annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days' prior written notice to Franchisor and shall reflect proof of payment of premiums.

15.5 Failure to Maintain Coverage

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

16. Default and Termination

16.1 Termination by Franchisee

If Franchisee is in full compliance with all of the terms of this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within thirty (30) days after receiving written notice identifying the claimed breach, Franchisee may elect to terminate this Agreement unless the breach cannot reasonably be cured within such thirty (30) days. If the breach cannot reasonably be cured in such thirty (30) days, Franchisee may elect to terminate this Agreement only if Franchisor does not promptly undertake and

continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

16.2 Termination by Franchisor

16.2.1 Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, if Franchisee:

(i) fails to timely select an approved site for or establish, equip and commence operations of the Franchised Business pursuant to Section 5;

(ii) fails to have its Designated Manager satisfactorily complete any training program pursuant to Section 8;

(iii) made any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

(iv) is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

(v) after notice to cure, fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

(vi) discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Operations Manual, Trade Secrets or any other Confidential Information;

(vii) if required by Franchisor, fails to have any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee, execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 2, upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fails to provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to Section 7.4 if requested by Franchisor;

(viii) abandons, fails or refuses to actively operate the Franchised Business for five (5) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor), or, if first approved by Franchisor, fails to promptly relocate the Franchised Business following the expiration or termination of the lease for the Approved Location, the destruction or condemnation of the Approved Location or any other event rendering the Approved Location unusable;

(ix) surrenders or transfers control of the operation of the Franchised Business without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership

interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof as herein required;

(x) fails to maintain the Franchised Business under the primary supervision of a Designated Manager during the one hundred eighty (180) days following the death or Incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee pursuant to Section 18.6;

(xi) submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to Franchisor by more than three percent (3%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

(xii) is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless *supersedeas* bond is filed); if execution is levied against Franchisee's business or property; if a suit to foreclose any lien or mortgage against its Approved Location or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed;

(xiii) misuses or makes an unauthorized use of any of the Marks or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

(xiv) fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, Brand Development Fund Contribution, amounts due for purchases from Franchisor and any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

(xv) violates on two (2) or more occasions any health or safety law, ordinance or regulation, or operates the Franchised Business in a manner that presents a health or safety hazard to its customers, employees or the public;

(xvi) fails to comply with any applicable law or regulation within ten (10) days after being given notice of noncompliance;

(xvii) breaches this Agreement and/or fails to comply with mandatory specifications, customer service standards or operating procedures prescribed in the Operations Manual on two (2) or more separate occasions within any period of twelve (12) consecutive months, whether or not previous breaches or failures are cured; or

16.2.2 Franchisor has the right to terminate this Agreement for the following breaches and defaults by giving notice of such termination stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure (or by providing proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination) within the specified period:

(i) within five (5) days of receiving notice of Franchisee's failure to pay any amounts due to Franchisor;

(ii) within ten (10) days of receiving notice of Franchisee's failure to maintain insurance as specified in Section 15 of this Agreement; or

(iii) within thirty (30) days of receiving notice of any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Operations Manual or otherwise prescribed in writing.

16.3 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

16.4 Right of Franchisor to Discontinue Services to Franchisee

If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers to Franchisee a notice of termination pursuant to Section 16.2.2, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any products or services for which Franchisor is an Approved Supplier to Franchisee, until such time as Franchisee corrects the breach.

16.5 Right of Franchisor to Operate Franchised Business

Following the delivery of a notice of termination pursuant to Section 16.2.2, if necessary, in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume the operation of the Franchised Business until such time as Franchisee corrects the breach. Franchisor may charge a management fee as stated in the Operations Manual from time to time, currently equal to TWO HUNDRED DOLLARS ($200.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business. Should Franchisor elect to assume the operation of the Franchised Business on a temporary basis, Franchisor shall have no responsibility or liability for the obligations, debts or payments under the lease for the Approved Location (if any) or otherwise.

17. Rights and Duties upon Expiration or Termination

17.1 Actions to be Taken

17.1.1 Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

(i) immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

(ii) cease to use the Trade Secrets or other Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks, and within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Approved Location so that it no longer contains the Marks, signage, or any trade dress of a USA Ninja Challenge Franchised Business, to the reasonable satisfaction of Franchisor;

(iii) upon demand by Franchisor, immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease) its interest in the lease then in effect for the Approved Location to Franchisor and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement, and Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due;

(iv) take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "USA Ninja Challenge" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;

(v) pay all sums owing to Franchisor and any Affiliate. In the event of termination for any default of Franchisee, such sums shall include, but not be limited to, all damages, costs and expenses, including reasonable attorneys' fees with respect to litigation, arbitration, appellate or bankruptcy proceedings, unpaid Royalty Fees, loss of future Royalty Fee payments and other fees payable by Franchisee as a result of any early termination of this Agreement, and any other amounts due to Franchisor or any Affiliate;

(vi) pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

(vii) immediately return to Franchisor the Operations Manual, Trade Secrets and all other Confidential Information including records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property);

(viii) assign all telephone listings and numbers for the Franchised Business to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to or at the direction of Franchisor; and

(ix) comply with all other applicable provisions of this Agreement.

17.2 Post-Termination Covenant Not to Compete

17.2.1 Franchisee acknowledges that the restrictive covenants contained in this Section and in Section 7 are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

(i) to protect the Trade Secrets and other Confidential Information of Franchisor;

(ii) to induce Franchisor to grant a Franchise to Franchisee; and

(iii) to protect Franchisor against its costs in training Franchisee and its officers, directors, executives, professional staff and Designated Managers.

17.2.2 Except as otherwise approved in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the professional staff of Franchisee, shall, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person or entity:

(i) own an interest in, manage, operate or provide the same kind of children's obstacle course center through a Competitive Business located or operating (a) within a twenty-five (25) mile radius of the Approved Location or within the Territory (whichever is greater), or (b) within a twenty-five (25) mile radius of the location of any other Franchised Business in existence at the time of termination or expiration; or

(ii) solicit or otherwise attempt to induce or influence any customer, employee or other business associate of Franchisor to terminate or modify his, her or its business relationship with Franchisor or to compete against Franchisor.

17.2.3 In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form nondisclosure or non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 2.

17.2.4 If for whatever reason, either the above area or time frame covered by the Nondisclosure and Non-Competition Agreement is deemed unreasonable by a court of law, then and only in such an event shall such area and/or its time frame be reduced accordingly by the court. The rulings by the court concerning the area or time frame or any other judicial interpretation shall not affect the rest and remainder of such restrictive covenants.

17.3 Unfair Competition

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description or representation that suggests or represents an association or connection with Franchisor. This Section is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended to contradict Sections 7, 17.1 or 17.2. If Franchisor elects not to receive an assignment or sublease of the Approved Location, Franchisee shall make such modifications or alterations to the Approved Location (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Approved Location. Franchisee shall make such specific additional changes to the Approved Location as Franchisor may reasonably request for that purpose including, without limitation, removal of all physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Approved Location for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

17.4 Franchisor's Option to Purchase Certain Business Assets

Franchisor has the right (but not the obligation), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including leasehold improvements, equipment, supplies and other inventory. The purchase price shall be equal to the assets' fair market value, as determined by an independent appraiser. If Franchisor elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against the purchase price.

17.5 Survival of Certain Provisions

All obligations of Franchisor and Franchisee, which expressly or by their nature survive the expiration or termination of this Agreement, shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or, by their nature, expire.

18. Transferability of Interest

18.1 Transfer by Franchisor

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the

obligations of Franchisor hereunder and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

18.2 Transfer by Franchisee to a Third Party

18.2.1 The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the Approved Location used in operating the Franchised Business, its assets or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor. Any purported transfer without such approval shall be voidable and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

(i) Franchisee has complied with the requirements set forth in Section 19;

(ii) all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;

(iii) Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form required by Franchisor, of any and all claims against Franchisor, including its officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;

(iv) the prospective transferee has satisfied Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require to demonstrate ability to conduct the Franchised Business;

(v) the transferee and, if Franchisor requires all persons owning any interest in the transferee have executed the then-current franchise agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Brand Development Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

(vi) the transferee has executed a general release, in a form required by the Franchisor, of any and all claims against Franchisor and its officers, directors, shareholders, managers, members, partners, owners, employees and agents (in

their corporate and individual capacities), with respect to any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by Franchisee;

(vii) Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise;

(viii) Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount of FIVE THOUSAND DOLLARS ($5,000.00);

(ix) the transferee, or all holders of a legal or beneficial interest in the transferee, has agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of its term by executing a personal guaranty in such form as prepared by Franchisor;

(x) Franchisee has agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance thereof by the transferee, if required by Franchisor;

(xi) the transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Approved Location) and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

(xii) Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have executed and delivered to Franchisor a nondisclosure and non-competition agreement in a form satisfactory to Franchisor and in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 17;

(xiii) the transferee agrees that its Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 8.1 prior to assuming the management of the day-to-day operation of the Franchised Business; and

(xiv) the transferee has obtained all necessary types of insurance as described in Section 15.1.

18.3 Transfer to a Controlled Entity

18.3.1 If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee ("Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

(i) the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the Franchised Business;

(ii) Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

(iii) all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee as required pursuant to Section18.2(viii);

(iv) the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

(v) all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement; and

(vi) copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, federal tax identification number and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

18.3.2 The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

18.3.3 Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

18.4 Franchisor's Disclosure to Transferee

Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

18.5 For-Sale Advertising

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

18.6 Transfer by Death or Incapacity

18.6.1 Upon the death or incapacity of Franchisee (if Franchisee is an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) shall, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by the laws of the state wherein Franchisee resided, with such choice of law provision being applicable only for this Section18.6. During such one hundred eighty (180) day period, the Franchised Business must remain at all times under the primary management of a Designated Manager who otherwise meets Franchisor's management qualifications.

18.6.2 Following such a death or incapacity of such person as described in this Section, if necessary, in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred to a third party approved by Franchisor. Franchisor may charge a management fee as stated in the Operations Manual from time to time, currently equal to TWO HUNDRED DOLLARS ($200.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

19. Right of First Refusal

19.1 Submission of Offer

If Franchisee, or any of its owners, proposes to sell or otherwise transfer (including a transfer by death or incapacity pursuant to Section18.6) the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor, except with regards to a sale or transfer to a family member. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

19.2 Franchisor's Right to Purchase

Franchisor shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated

to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to sixty (60) days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

19.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise its right of first refusal within thirty (30) days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section18.2. Should the sale fail to close within one hundred eighty (180) days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.

19.4 Sales or Transfers to Family Excepted

If Franchisee, or any of its owners, proposes to sell or otherwise transfer the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder to a member of Franchisee's (or its owners') family, then the terms and conditions of this Section 19 shall be inapplicable. Nothing in this Section 19.4 shall be construed to relieve Franchisee from full compliance with the terms and conditions of Section 18.2 prior to a sale or transfer to family pursuant to this Section.

20. Beneficial Owners of Franchisee.

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Exhibit 1 are the sole holders of a legal or beneficial interest (in the stated percentages) of Franchisee, and that all of the information in Exhibit 1 is true and correct.

21. Relationship and Indemnification

21.1 Relationship

This Agreement is purely a contractual relationship between the parties and does not appoint or make Franchisee an agent, legal representative, joint venturer, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or renewal hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Business operating the Franchised Business pursuant to a franchise from Franchisor. Franchisee shall 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 Approved Location and on all forms, stationery or other written materials, the content of which Franchisor has the right to specify. Under no circumstances shall

Franchisor be liable for any act, omission, contract, debt, nor any other obligation of Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. Any third-party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

21.2 Standard of Care

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

21.3 Indemnification

To the fullest extent permitted by law, Franchisee shall, at Franchisee's sole cost and expense, hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all officers, directors, executives, managers, members, partners, owners, employees, agents, successors and assigns (collectively "Franchisor Indemnitees") from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon (a) any personal injury, bodily injury or property damage whatsoever occurring in or at the location of the Franchised Business; (b) any bodily injury to an employee of Franchisee arising out of and in the course of employment of the employee; (c) Franchisee's ownership or operation of the Franchised Business; (d) Franchisee's breach of the lease for the Approved Location; (e) Franchisee's violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (f) Franchisee's breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or an Affiliate); (g) Franchisee's defamation of Franchisor or the System; (h) Franchisee's acts, errors or omissions committed or incurred in connection with the Franchised Business and or place of operations, including any negligent or intentional acts; or (i) Franchisee's infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Trade Secrets or other Confidential Information. The obligations of this Section shall expressly survive the termination of this Agreement.

21.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section to take corrective or remedial action, causes any of Franchisee's insurers to refuse to pay a third-party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no

circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

22. General Conditions and Provisions

22.1 No Waiver

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

22.2 Injunctive Relief

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7 and 17 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated, without the necessity of posting security or bond and Franchisee shall be responsible for Franchisor's reasonable attorneys' fees incurred in pursuing the same. Franchisor's right to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to arbitrate all disputes in accordance with Section 23.6. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in a state or federal court.

22.3 Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (c) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by Registered Mail, return receipt requested. Either party may change its address by a written notice sent in accordance with this Section. All notices, payments and reports required by this Agreement shall be sent to Franchisor at the following address:

USA Ninja Challenge Franchising, LLC
Attn: Mr. Richard Knight
14 Chenell Drive
Concord, NH 03301

22.4 Cost of Enforcement or Defense

If Franchisor or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with such proceeding.

22.5 Unlimited Guaranty and Assumption of Obligations

All holders of a legal or beneficial interest in Franchisee of five percent (5%) or greater shall be required to execute, as of the date of this Agreement, the Unlimited Guaranty and Assumption of Obligations attached as Exhibit 3, through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

22.6 Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

22.7 Entire Agreement

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations Franchisor made in the franchise disclosure document that Franchisor furnished to you.

You acknowledge that you are entering into this Agreement as a result of your own independent investigation of our franchised business and not as a result of any representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law.

22.8 Severability and Modification

22.8.1 Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable. If any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement. If Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement.

22.8.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 17 shall be construed as independent of any other covenant or

provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Trade Secrets or other Confidential Information or on competition to the maximum extent provided or permitted by law.

22.9 Construction

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

22.10 Force Majeure

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, terrorism, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement.

22.11 Timing

Time is of the essence. Except as set forth in Section 22.10, failure to perform any act within the time required, or permitted by this Agreement, shall be a material breach.

22.12 Withholding Payments

Franchisee shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to Franchisor or to an Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

22.13 Further Assurances

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

22.14 Third-Party Beneficiaries

Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

22.15 Multiple Originals

Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original.

23. Dispute Resolution

23.1 Choice of Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New Hampshire (without reference to its conflict of laws principles).

23.2 Consent to Jurisdiction

Any action brought by either party except those claims required to be submitted to arbitration, shall only be brought in the appropriate state or Federal courts located in or serving Concord, New Hampshire. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Franchisor where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

23.3 Cumulative Rights and Remedies

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 in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

23.4 Limitation of Damages

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in Section 22.4. Franchisee waives and disclaims any right to consequential damages in any action or claim against Franchisor concerning this Agreement or any related agreement. In any claim or action brought by Franchisee against Franchisor concerning this Agreement, Franchisee's contract damages shall not exceed and shall be limited to refund of Franchisee's Franchise Fee and Royalty Fees.

23.5 Waiver of Jury Trial

Franchise and Franchisor Each irrevocably waive trial by jury in any action, whether at law or equity, brought by either of them.

23.6 Dispute Resolution

23.6.1 If a dispute arises relating to this Franchise Agreement the parties shall first negotiate in good faith to come to a common and acceptable resolution. If the agreement is not resolved within fourteen (14) days after notice of the dispute is given, the parties shall first proceed in good faith to submit the matter to mediation. Mediation is a process in which the parties meet with an impartial person who helps to resolve the dispute informally and confidentially. Mediators cannot impose binding decisions. The parties to the dispute must agree before any settlement is binding. The parties will jointly appoint an acceptable mediator and will share equally in the cost of such mediation. The mediation, unless otherwise agreed, shall terminate in the event the entire dispute is not resolved 42 calendar days from the date of notice of the dispute.

23.6.2 If the dispute is not resolved by mediation the parties may elect to proceed with litigation in the Superior Court in Concord, NH. In all matters the laws of the state of New Hampshire shall apply.

24. Acknowledgements

24.1 Receipt of this Agreement and the Franchise Disclosure Document

Franchisee represents and acknowledges that it has received, read and understands this Agreement and Franchisor's Franchise Disclosure Document; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee represents and acknowledges that it has received, at least fourteen (14) calendar-days prior to the date on which this Agreement was executed, the Disclosure Document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

24.2 Consultation by Franchisee

Franchisee represents that it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby and the prospects for that business. Franchisee represents that it has either consulted with such advisors or has deliberately declined to do so.

24.3 True and Accurate Information

Franchisee represents that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

24.4 Risk

Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in a Franchised Business involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby.

24.5 No Guarantee of Success

Franchisee represents and acknowledges that it has not received or relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of the Franchised Business. Franchisee represents and acknowledges that there have been no representations by Franchisor's officers, directors, employees or agents that are not contained in, or are inconsistent with, the statements made in the Franchise Disclosure Document or this Agreement.

24.6 No Violation of Other Agreements

Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

24.7 Severability

If a provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect: the validity or enforceability in that jurisdiction of any other provision of this Agreement; or the validity or enforceability in other jurisdictions of that or any other provision of this Agreement.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

FRANCHISEE:	FRANCHISOR:
Business Name: _____	USA Ninja Challenge Franchising, LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____
By: _____	
Name: _____	
Title: _____	
Date: _____	

(Check if applicable) At the same time as the parties execute this Agreement, they are also executing a Rider to Franchise Agreement pursuant to:

_____ Illinois	_____ North Dakota
_____ Indiana	_____ Rhode Island
_____ Maryland	_____ Washington
_____ Minnesota	_____ Other
_____ New York	

Attachment 1 to Franchise Agreement OWNERSHIP INFORMATION

1. **Form of Ownership.** Franchisee is a (check one):

_____ *Sole Proprietorship*
_____ *Partnership*
_____ *Limited Liability Company*
_____ *Corporation*

State of incorporation / organization / residence: _____

2. **Owners.** If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

3. **Officers.** If Franchisee is a limited liability company or corporation:

Name	Title

Attachment 2 to Franchise Agreement

LOCATION ACCEPTANCE LETTER

To: _____

This Location Acceptance Letter is issued by USA Ninja Challenge Franchising, LLC for your USA Ninja Challenge franchise in accordance with Section 6.1 of the Franchise Agreement.

1. The Location of the Business is:

   _____

2. The Territory of the Business is:

   _____

USA NINJA CHALLENGE FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Date: _____

Attachment 3 to Franchise Agreement

EQUIPMENT LIABILITY AND INDEMNIFICATION AGREEMENT

THIS EQUIPMENT LIABILITY AND INDEMNIFICATION AGREEMENT (this "Agreement"), dated as of _____, is entered into by and between **USA Ninja Challenge Franchising, LLC**, a New Hampshire limited liability company ("Franchisor") and [_____] ("Franchisee," and together with Franchisor, the "Parties" and each, a "Party").

1. Definitions.

(a) Direct Purchase Vendors: certain Established Vendors, listed on Schedule B, from which Franchisee may purchase equipment directly, rather than purchasing through Franchisor.

(b) Equipment: any and all objects and obstacles used in the Franchisee's gym location.

(c) Established Vendors – Franchisor's recommended vendors, set forth on Schedule A, which may be updated from time to time.

(d) Initial Equipment Purchase: Franchisee's initial purchase of Equipment as part of its gym setup.

(e) Non-Approved Equipment: Any Equipment that is (i) purchased from a vendor that is not an Established Vendor; or (ii) homemade, non-professionally manufactured, or altered in any way.

2. Equipment Purchasing & Standards.

(a) Equipment Purchasing. Franchisee's Initial Equipment Purchase shall be made through the Franchisor. The Initial Equipment Package will consist of Equipment manufactured and/or distributed by Established Vendors listed on Schedule A. Franchisee will continue to purchase additional Equipment from the Established Vendors through the Franchisor's online store. Franchisee may also purchase additional Equipment, as specified, directly from the Direct Purchase Vendors listed on Schedule B.

(b) Equipment Standards. All equipment used in Franchisee's gym setup must meet the quality standards for appearance and safety consistent with Franchisor's brand and image, as designated and determined by Franchisor from time to time. Any use of Non-Approved Equipment as part of Franchisee's gym setup shall be at Franchisee's own risk and expense.

3. Training. Franchisor shall provide training to Franchisee and its owners and instructors with respect to the proper use of Equipment and systems provided by and/or purchased through Franchisor only. Franchisor shall not be responsible for providing any training with respect to equipment obtained from Direct Purchase Vendors or Non-Approved Equipment, processes or systems. Franchisee expressly assumes all liability for Non-Approved Equipment, processes and systems, including liability in connection with installation, training, and use.

4. Indemnification. Franchisee shall indemnify, hold harmless, and defend Franchisor and its owners, officers, directors, employees, agents, successors and permitted assigns (each a "Franchisor Indemnified Party") against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs, or expenses of whatever kind, including reasonable attorneys' fees, incurred or sustained by, or imposed upon, Franchisor based upon, arising out of, with respect to or associated with:

(a) Non-Approved Equipment;

(b) Equipment that has been subjected to misuse, neglect, negligence, improper testing, improper installation, improper storage, improper handling, abnormal physical stress, abnormal environmental conditions, or use contrary to any instructions issued or training provided by Franchisor or the manufacturer;

(c) Equipment that has been reconstructed, repaired or altered by persons other than Franchisor or its authorized representative; or

(d) Equipment that has been used with any third-party product, hardware or product that has not been previously approved in writing by Franchisor.

5. Miscellaneous.

(a) Notices. All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (c) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by Registered Mail, return receipt requested. Either party may change its address by a written notice sent in accordance with this Section. All notices, payments and reports required by this Agreement shall be sent to Franchisor at the following address:

USA Ninja Challenge Franchising, LLC
Attn: Mr. Curtis Crow, Jr.
14 Chenell Drive
Concord, NH 03301

(b) Entire Agreement. This Agreement and the Franchise Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations Franchisor made in the franchise disclosure document that Franchisor furnished to Franchisee. All capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Franchise Agreement. In the event of any conflict between this Agreement and the Franchise Agreement, the terms of the Franchise Agreement shall prevail.

(c) Severability. Each paragraph, part, term and provision of this Agreement shall be considered severable. If any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall

continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement. If Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement.

(d) No Third-Party Beneficiaries. Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

(e) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New Hampshire (without reference to its conflict of laws principles).

(f) Venue. Any action brought by either party except those claims required to be submitted to arbitration, shall only be brought in the appropriate state or Federal courts located in or serving Concord, New Hampshire. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Franchisor where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

(g) Waiver of Jury Trial. Franchise and Franchisor each irrevocably waive trial by jury in any action, whether at law or equity, brought by either of them.

(h) Dispute Resolution.

(i) If a claim or dispute arises relating to this Agreement, the parties shall first negotiate in good faith to come to a common and acceptable resolution. If the agreement is not resolved within fourteen (14) days after notice of the dispute is given, the parties shall first proceed in good faith to submit the matter to mediation. Mediation is a process in which the parties meet with an impartial person who helps to resolve the dispute informally and confidentially. Mediators cannot impose binding decisions. The parties to the dispute must agree before any settlement is binding. The parties will jointly appoint an acceptable mediator and will share equally in the cost of such mediation. The mediation, unless otherwise agreed, shall terminate in the event the entire dispute is not resolved 42 calendar days from the date of notice of the dispute.

(ii) If the dispute is not resolved by mediation, the parties may elect to proceed with litigation in the Superior Court in Concord, NH. In all matters the laws of the state of New Hampshire shall apply.

(i) Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

USA Ninja Challenge Franchising, LLC

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

_____

By: _____

Name: _____

Title: _____

Date: _____

Attachment 4 to Franchise Agreement

GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this "Guaranty") is executed by the undersigned person(s) (each, a "Guarantor") in favor of USA Ninja Challenge Franchising, LLC, a New Hampshire Limited Liability Company ("USA Ninja Franchise Company").

Background Statement: _____ ("Franchisee") desires to enter into a Franchise Agreement with USA Ninja Franchise Company for the franchise of a USA Ninja Challenge business (the "Franchise Agreement"; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce USA Ninja Franchise Company to enter into the Franchise Agreement.

Guarantor agrees as follows:

1. **Guaranty.** Guarantor hereby unconditionally guarantees to USA Ninja Franchise Company and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to USA Ninja Franchise Company, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and USA Ninja Franchise Company upon demand from USA Ninja Franchise Company. Guarantor waives (a) acceptance and notice of acceptance by USA Ninja Franchise Company of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that USA Ninja Franchise Company make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

2. **Confidential Information.** With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by USA Ninja Franchise Company for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by USA Ninja Franchise Company, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by USA Ninja Franchise Company or its affiliates (except for Confidential Information which USA Ninja Franchise Company licenses from another person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to USA Ninja Franchise Company. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

3. Covenants Not to Compete.

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction - Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor located within twenty-five miles of Franchisee's Territory or the territory of any other USA Ninja Challenge business operating on the date of termination or transfer, as applicable.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then the parties intend that the court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of USA Ninja Franchise Company. Guarantor agrees that the existence of any claim it or Franchisee may have against USA Ninja Franchise Company shall not constitute a defense to the enforcement by USA Ninja Franchise Company of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended for each day of noncompliance.

4. Employee Recruitment. During the term of the Franchise Agreement and for one year after termination, transfer, or expiration of the Franchise Agreement, Guarantor shall not knowingly employ or seek to employ or engage as an independent contractor any person then employed by USA Ninja Franchise Company or by any other franchisee of USA Ninja Franchise Company.

5. Modification. Guarantor agrees that Guarantor's liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which USA Ninja Franchise Company may from time-to-time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

6. Governing Law; Dispute Resolution. This Guaranty shall be governed by and construed in accordance with the laws of the state of New Hampshire. The provisions of Article 23 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. If multiple Guarantors sign this Guaranty, each will have joint and severable liability.

Agreed to by:

Signed: _____	Signed: _____
Name: _____	Name: _____
Address: _____	Address: _____
_____	_____
_____	_____
Date: _____	Date: _____

EXHIBIT C MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (this "MUDA") is made between _____, a _____ ("USA Ninja Challenge Franchising, LLC") and _____, a _____ ("Franchisee") on the Effective Date.

Background Statement: On the same day as they execute this MUDA, USA Ninja Challenge Franchising, LLC and Franchisee have entered into a Franchise Agreement for the franchise of a USA Ninja Challenge business (the "Franchise Agreement"; capitalized terms used but not defined in this MUDA have the meanings given in the Franchise Agreement). USA Ninja Challenge Franchising, LLC and Franchisee desire that Franchisee develop multiple USA Ninja Challenge businesses.

1. Multi-Unit Commitment.

(a) Development Schedule; Fee. Franchisee shall develop and open USA Ninja Challenge businesses on the following schedule:

Store #	Deadline for Opening	Total # of Stores to be Open and Operating on Deadline	Initial Franchise Fee
1		1	$_____
2		2	$_____
3		3	$_____
4		4	$_____
5		5	$_____
Total Initial Franchise Fee:			

(b) Payment. Upon execution of this MUDA, Franchisee shall pay the total Initial Franchise Fee to USA Ninja Challenge Franchising LLC. The Initial Franchise Fee is nonrefundable except as provided in Sections 5.2 and 5.7 of the Franchise Agreement.

2. Form of Agreement. For Store #1, Franchisee and USA Ninja Challenge Franchising, LLC have executed the Franchise Agreement simultaneously with this MUDA. For each additional USA Ninja Challenge franchise, Franchisee shall execute USA Ninja Challenge Franchising LLC's then-current standard form of franchise agreement no later than three business days after Franchisee leases or acquires a location. This MUDA does not give Franchisee the right to construct, open, or operate a USA Ninja Challenge business, and

Franchisee acknowledges that Franchisee may construct, open, and operate each USA Ninja Challenge business only pursuant to a separate franchise agreement executed pursuant to this MUDA for each such USA Ninja Challenge business.

3. Development Area. Franchisee shall locate each USA Ninja Challenge business it develops under this MUDA within the following area:_____ _____ (the "Development Area"). Franchisee acknowledges that it does not have exclusive rights to develop, open or operate USA Ninja Challenge businesses in the Development Area.

4. Default and Termination. USA Ninja Challenge Franchising, LLC may terminate this MUDA by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

(i) Franchisee fails to satisfy the development schedule; or

(ii) USA Ninja Challenge Franchising, LLC has the right to terminate any franchise agreement between USA Ninja Challenge Franchising, LLC and Franchisee (or any affiliate thereof) due to Franchisee's default thereunder (whether or not USA Ninja Challenge Franchising, LLC actually terminates such franchise agreement).

5. Limitation of Liability. Franchisee's commitment to develop USA Ninja Challenge businesses is in the nature of an option only. If USA Ninja Challenge Franchising, LLC terminates this MUDA for Franchisee's default, Franchisee shall not be liable to USA Ninja Challenge Franchising, LLC for lost future revenues or profits from the unopened USA Ninja Challenge businesses.

6. Conditions. Franchisee's right to develop each USA Ninja Challenge franchise after the Store #1 is subject to the following:

(i) Franchisee must possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional USA Ninja Challenge business, in the reasonable judgment of USA Ninja Challenge Franchising, LLC; and

(ii) Franchisee must be in full compliance with all brand requirements at its open USA Ninja Challenge businesses, and not in default under any Franchise Agreement or any other agreement with USA Ninja Franchise Company.

7. Dispute Resolution; Miscellaneous. The laws of the State of New Hampshire (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. Franchisee shall not Transfer this MUDA without the prior written consent of USA Ninja Challenge Franchising, LLC, and any Transfer without USA Ninja Challenge Franchising, LLC's prior written consent shall be void. The provisions of Article 17 (Dispute Resolution) and Article 18 (Miscellaneous) of the Franchise Agreement apply to and are incorporated into this MUDA as if fully set forth herein.

[*Signatures on Next Page*]

Agreed to by:

FRANCHISOR:

USA Ninja Challenge Franchising, LLC

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

_____

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT D RIDER TO LEASE AGREEMENT

Landlord: _____	Franchisor: USA Ninja Challenge Franchising, LLC
Notice Address: _____	Notice Address: 14 Chenell Drive, Concord, NH 03301
_____	
_____	
Telephone: _____	Telephone: 603-566-9560

Tenant:

Leased Premises: _____

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used only for the operation of a USA Ninja Challenge business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity to Cure. Landlord shall provide Franchisor with copies of any written notice of default ("Default") given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant's Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease. To exercise this option, Franchisor must notify Landlord within 15 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Tenant shall assign the Lease to Franchisor. Landlord hereby consents to the assignment of the Lease to Franchisor.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease. If Franchisor becomes the lessee of the Lease Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of the USA Ninja Challenge brand.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant's business.

7. Right to Enter. Upon the expiration or termination of the Franchise Agreement or the Lease, or the termination of Tenant's right of possession of the Leased Premises, Franchisor or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises to remove signs and other material bearing Franchisor's brand name, trademarks, and

commercial symbols, provided that Franchisor will be liable to Landlord for any damage Franchisor or its designee causes by such removal.

8. No Liability. By executing this Rider, Franchisor does not assume any liability with respect to the Lease Premises or any obligation as Tenant under the Lease.

Executed by:

LANDLORD:

_____

By: _____

Name: _____

Title: _____

Date: _____

TENANT:

_____

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

USA NINJA CHALLENGE FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT E FORM OF GENERAL RELEASE

[*This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.*]

This General Release ("Release") is executed by the undersigned ("Releasor") in favor of USA Ninja Challenge Franchising, LLC, a New Hampshire Limited Liability Company ("USA Ninja Franchise Company").

Background Statement: [*describe circumstances of Release*]

Releasor agrees as follows:

1. Release. Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the "Releasing Parties")) hereby releases USA Ninja Franchise Company, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the "Released Parties") from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, "Claims").

2. Covenant Not to Sue. Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.

3. Representations and Acknowledgments. Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor's choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.

4. Miscellaneous. If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that USA Ninja Franchise Company reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof.

Agreed to by:

_____

Name: _____

Date: _____

EXHIBIT F FINANCIAL STATEMENTS

USA NINJA CHALLENGE FRANCHISING, LLC

AUDITED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2023

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DAVID A. KREED

Certified Public Accountant
36 North Street Manchester, New Hampshire 03104

Tel: (603) 625-4792 Fax: (603) 624-5993

dkreedcpa@comcast.net

INDEPENDENT AUDITOR'S REPORT

To the Members
USA Ninja Challenge Franchising, LLC
Concord, New Hampshire 03301

Opinion

We have audited the accompanying financial statements of USA Ninja Challenge Franchising, LLC, which comprise the balance sheets as of December 31, 2023 and 2022 and the related statements of income, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USA Ninja Challenge Franchising, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor' s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of USA Ninja Challenge Franchising, LLC 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

David A. Kreed

David A. Kreed
Certified Public Accountant
May 7, 2024

USA NINJA CHALLENGE FRANCHISING, LLC
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

ASSETS	2023	2022
Current Assets		
Cash	$ 563,767	$ 513,614
Accounts Receivable	196,090	0
Inventory	21,732	28,665
Prepaid Expenses	230,366	75,000
Total Current Assets	1,011,955	617,279
Property and Equipment		
Furniture and Equipment	18,476	11,967
Less: Accumulated Depreciation	(8,810)	(7,021)
Net Property and Equipment	9,666	4,946
Other Assets		
Security Deposits	2,900	0
Total Assets	$ 1,024,521	$ 622,225
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 14,682	$ 13,813
Deferred Revenue	500,971	215,000
Total Liabilities	515,653	228,813
MEMBERS' EQUITY		
Members' Equity	508,868	393,412
Total Liabilities and Members' Equity	$ 1,024,521	$ 622,225

See Accompanying Notes And Independent Auditor's Report.

USA NINJA CHALLENGE FRANCHISING, LLC
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
REVENUES		
Equipment and Merchandise	$ 645,882	$ 560,319
Franchise Fees	234,009	170,000
Royalties	319,518	252,154
Other Revenue	763,897	491,269
Total Revenues	1,963,306	1,473,742
COST OF SALES	673,994	644,003
GROSS MARGIN	1,289,312	829,739
EXPENSES		
Advertising	93,685	17,754
Bank Charges	417	586
Commissions	86,134	174,000
Computer and Internet	11,809	3,376
Depreciation	1,789	1,347
Dues and Subscriptions	30,925	3,645
Guaranteed Payments to Members	220,923	123,769
Insurance	15,617	12,267
Meals and Entertainment	8,821	5,269
Merchant Fees	2,776	2,653
Miscellaneous	5,047	2,901
Office Expense	1,726	2,095
Payroll	317,138	178,950
Payroll Taxes	25,832	15,221
Postage and Delivery	14,669	13,029
Professional Fees	29,801	42,490
Registrations	4,235	2,471
Rent and Occupancy	24,050	13,050
Taxes	3,727	1,730
Travel	50,076	34,353
Total Expenses	949,197	650,956
INCOME FROM OPERATIONS	340,115	178,783
OTHER INCOME (EXPENSES)		
Other Income	0	0
Interest Expense	14	0
Total Other Income (Expenses)	14	0
PROVISION FOR INCOME TAX	3,009	1,650
NET INCOME	$ 337,120	$ 177,133

See Accompanying Notes And Independent Auditor's Report.

USA NINJA CHALLENGE FRANCHISING, LLC
STATEMENTS OF MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Balance, January 1	$ 393,412	$ 301,253
Add; Net Income	337,120	177,133
Add: Contributions	0	100,571
Less: Distributions	(221,664)	(185,545)
Balance, December 31	$ 508,868	$ 393,412

See Accompanying Notes And Independent Auditor's Report.

USA NINJA CHALLENGE FRANCHISING, LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

CASH FLOWS FROM OPERATING ACTIVITIES	2023	2022
Net Income (Deficit)	$ 337,120	$ 177,133
Adjustments to Reconcile Net Income (Deficit) to Net Cash Provided (Used) by Operating Activities		
Depreciation	1,789	1,347
Forgiveness of Paycheck Protection Program Loan	0	0
New Hampshire Main Street Grant	0	0
(Increase) Decrease in:		
Accounts Receivable	(196,090)	96,074
Inventory	6,933	(4,722)
Prepaid Expenses	(155,366)	(21,000)
Security Deposits	(2,900)	0
Increase (Decrease) in:		
Accounts Payable	869	(39,191)
Deferred Revenue	285,971	95,000
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	278,326	304,641
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(6,509)	(499)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(6,509)	(499)
CASH FLOWS FROM FINANCING ACTIVITIES		
Member Contributions	0	100,571
Member Distributions	(221,664)	(185,545)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(221,664)	(84,974)
INCREASE (DECREASE) IN CASH	50,153	219,168
CASH AT BEGINNING OF YEAR	513,614	294,446
CASH AT END OF YEAR	$ 563,767	$ 513,614
Supplemental Information		
Interest Paid	$ 0	$ 0

See Accompanying Notes And Independent Auditor's Report.

USA NINJA CHALLENGE FRANCHISING, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

USA Ninja Challenge Franchising, LLC was organized under the laws of the state of New Hampshire on August 21, 2015 and is headquartered in Concord, New Hampshire. The Company was formed for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate a USA Ninja Challenge franchise.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash Equivalents

The Company considers cash on hand, bank checking accounts and temporary investments, with an initial maturity of three months or less, to be cash equivalents.

Concentration of Credit Risk

The Company maintains two cash accounts at an area bank as of December 31, 2023. The accounts held at this financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $ 250,000 per depositor. At December 31, 2023 and 2022, there were uninsured cash balances of $243,757 and $193,604 respectively. Management considers any potential credit risk to be minimal.

Cash Escrow

Some states where the Company conducts business require mandatory amounts held in escrow. The total reported cash balance at December 31, 2023 includes an escrow amount of $70,010.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off directly to bad debt expense.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory is stated at the lower of cost or market, with cost determined by the specific identification method.

Property and Equipment

Property and equipment is recorded at cost. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. The Company has a capitalization policy for property and equipment valued over $300, with an expected useful life of more than one year. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from five to seven years. Depreciation expense for the years ended December 31, 2023 and 2022 was $1,789 and $1,347 respectively.

Income Taxes

The Company is treated as a partnership for Federal income tax purposes. Consequently, Federal income taxes are not payable by the Company. Members are taxed individually on their respective share of the Company's income, deductions and credits. The Company's net income is allocated among the members in accordance with specified Company regulations.

In accordance with Accounting Standards Codification (ASC) 40, deferred income tax assets and liabilities are considered for differences between financial statement and tax treatment of assets and liabilities that may result in taxable or deductible amounts in the future. Management has considered such differences, which primarily consist of accelerated depreciation, and has determined that deferred income tax assets and liabilities are not material to the financial statements taken as a whole.

Uncertain Tax Positions

Management has determined that the Company does not have any uncertain tax positions and associated unrecognized benefits or liabilities that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company or its members will not be subject to additional tax, plus interest and penalties, as a result of such challenge. Generally, the Company's tax returns remain open to examination for three years subsequent to filing.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and receivables. The carrying value for all such instruments, considering the terms, approximates fair value at December 31, 2023 and 2022.

Revenue Recognition

Effective January 1, 2023, the Company adopted the guidance issued in Accounting Standards Codification (ASC) Topic 606, "Revenue Recognition - Revenue from Contracts with Customers." This standard changes the way initial fees from franchisees and new franchise terms are recognized. Under the new guidance, initial franchise fees are being recognized evenly over the franchise term rather than immediately upon receipt.

Deferred revenue consists of fees paid to the Company when a franchise agreement is signed. This revenue is deferred until all material services or conditions relating to the sale have been substantially performed or satisfied by the Company. In 2023, $424,000 of franchise fees were collected, of which $404,991 were deferred. In 2022, $265,000 of franchise fees were collected, of which $215,000 were deferred.

Prepaid Expenses

The Company pays comm1ss10ns for certain franchise sales. In 2023, $316,500 was paid in commissions and expenses related to the sale of franchises, of which $230,366 was considered prepaid. In 2022, $219,000 was paid in commissions and expenses related to the sale of franchises, of which $75,000 was considered prepaid.

Advertising Costs

The Company generally expenses advertising costs as they are incurred. Advertising and marketing expense for the years ended December 31, 2023 and 2022 was $93,685 and $17,754 respectively.

NOTE B - RECLASSIFICATION OF PRIOR PERIOD PRESENTATION

Certain prior period amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

NOTE C – PROPERETY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2023 and 2022:

	2023	2022
Computers	$ 3,198	$ 3,198
Equipment	13,821	7,312
Furniture and Fixtures	1,457	1,457
Total Property and Equipment	18,476	11,967
Less: Accumulated Depreciation	8,810	7,021
Net Property and Equipment	$ 9,666	$ 4,946

NOTE D - LEASES

The Company entered into a lease agreement commencing on September 1, 2022 for certain storage and office space located at 14 Chenell Drive in Concord, New Hampshire on a month-to-month basis, with monthly lease payments of $1,000. The future minimum lease payments for the year ending December 31, 2024 would be $12,000.

The Company entered into a lease agreement for its corporate headquarters located at 23 Wall Street in Concord, New Hampshire. The term of the lease is for one year, commencing on April 28, 2023 and ending on April 27, 2024, with monthly lease payments of $1,450. The Company has the option to renew the lease for an additional period of one year. The future minimum lease payments for the year ending December 31, 2024 would be $17,400.

NOTE E - COVID-19 GOING CONCERN

On March 11, 2020, the World Health Organization (WHO) declared the outbreak of the novel coronavirus (COVID-19) a global pandemic. As a result, uncertainties have arisen which are likely to negatively impact net income. Other financial impacts could occur, though such financial impacts are unknown and not quantified at this time.

NOTE F - EVALUATION OF SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 7, 2024, the date which the financial statements were available to be issued.

AVID A. KREED, CERTIFIED PUBLIC ACCOUNTANT 36 NORTH STREET

MANCHESTER, NEW HAMPSHIRE 03104

TEL (603) 625-4792 FAX (603) 624-5993

dkreedcpa@comcast.net

Consent of the Independent Auditor

Ladies and Gentlemen:

David A. Kreed, CPA consents to the use in the Franchise Disclosure Document issued by USA Ninja Challenge Franchising, LLC ("Franchisor") on June 3, 2024, as it may be amended, of our report dated May 7, 2024, relating to the financial statements of the Franchisor for the year ended December 31, 2023.

David A. Kreed

David A. Kreed
Certified Public Accountant

USA NINJA CHALLENGE FRANCHISING, LLC

AUDITED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2022

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DAVID A. KREED

Certified Public Accountant
36 North Street Manchester, New Hampshire 03104

Tel: (603) 625-4792 Fax: (603) 624-5993

dkreedcpa@comcast.net

INDEPENDENT AUDITOR'S REPORT

To the Members
USA Ninja Challenge Franchising, LLC
Concord, New Hampshire 03301

Opinion

We have audited the accompanying financial statements of USA Ninja Challenge Franchising, LLC, which comprise the balance sheets as of December 31, 2022 and 2021 and the related statements of income, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor' s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of USA Ninja Challenge Franchising, LLC 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

David A. Kreed
Certified Public Accountant
February 3, 2023

USA NINJA CHALLENGE FRANCHISING, LLC
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

ASSETS	2022	2021
Current Assets		
Cash	$ 513,614	$ 294,446
Accounts Receivable	0	96,074
Inventory	28,665	23,943
Prepaid Expenses	75,000	54,000
Total Current Assets	617,279	468,463
Property and Equipment		
Furniture and Equipment	11,967	11,468
Less: Accumulated Depreciation	(7,021)	(5,674)
Net Property and Equipment	4,946	5,794
Total Assets	$ 622,225	$ 474,257
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 13,813	$ 53,004
Deferred Revenue	215,000	120,000
Total Liabilities	228,813	173,004
MEMBERS' EQUITY		
Members' Equity	393,412	301,253
Total Liabilities and Members' Equity	$ 622,225	$ 474,257

See accompanying notes and independent auditor's report

USA NINJA CHALLENGE FRANCHISING, LLC
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
REVENUES		
Equipment and Merchandise	$ 560,319	$ 381,708
Franchise Fees	170,000	120,000
Royalties	252,154	157,514
Other Revenue	491,269	164,100
Total Revenues	1,473,742	823,322
COST OF SALES	644,003	304,128
GROSS MARGIN	829,739	519,194
EXPENSES		
Advertising	17,754	5,098
Bank Charges	586	450
Commissions	174,000	47,000
Computer and Internet	3,376	2,434
Depreciation	1,347	1,558
Dues and Subscriptions	3,645	0
Guaranteed Payments to Members	123,769	48,192
Insurance	12,267	10,614
Meals and Entertainment	5,269	1,409
Merchant Fees	2,653	2,684
Miscellaneous	2,901	609
Office Expense	2,095	1,045
Payroll	178,950	133,660
Payroll Taxes	15,221	11,442
Postage and Delivery	13,029	11,031
Professional Fees	42,490	15,375
Registrations	2,471	2,766
Rent and Occupancy	13,050	12,641
Taxes	1,730	1,047
Travel	34,353	19,932
Total Expenses	650,956	328,987
INCOME FROM OPERATIONS	178,783	190,207
OTHER INCOME (EXPENSES)		
Other Income	0	217,190
Interest Expense	0	(815)
Total Other Income (Expenses)	0	216,375
PROVISION FOR INCOME TAX	1,650	1,943
NET INCOME	$ 177,133	$ 404,639

See accompanying notes and independent auditor's report

USA NINJA CHALLENGE FRANCHISING, LLC
STATEMENTS OF MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Balance, January 1	$ 301,253	$ (102,933)
Add; Net Income	177,133	404,639
Add: Contributions	100,571	0
Less: Distributions	(185,545)	(453)
Balance, December 31	$ 393,412	$ 301,253

See accompanying notes and independent auditor's report

USA NINJA CHALLENGE FRANCHISING, LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

CASH FLOWS FROM OPERATING ACTIVITIES	2022	2021
Net Income (Deficit)	$ 177,133	$ 404,639
Adjustments to Reconcile Net Income (Deficit) to Net Cash Provided (Used) by Operating Activities		
Depreciation	1,347	1,558
Forgiveness of Paycheck Protection Program Loan	0	(115,215)
New Hampshire Main Street Grant	0	(101,975)
(Increase) Decrease in:		
Accounts Receivable	96,074	(95,175)
Inventory	(4,722)	(8.420)
Prepaid Expenses	(21,000)	(13,000)
Increase (Decrease) in:		
Accounts Payable	(39,191)	52,671
Deferred Revenue	95,000	(60,000)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	304,641	65,083
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(499)	(1,802)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(499)	(1,802)
CASH FLOWS FROM FINANCING ACTIVITIES		
Member Contributions	100,571	0
Member Distributions	(185,545)	(453)
Paycheck Protection Program Loan Proceeds	0	58,015
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(84,974)	57,562
INCREASE (DECREASE) IN CASH	219,168	120,843
CASH AT BEGINNING OF YEAR	294,446	173,603
CASH AT END OF YEAR	$ 513,614	$ 294,446
Supplemental Information		
Interest Paid	$ 0	$ 815

See accompanying notes and independent auditor's report

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

USA Ninja Challenge Franchising, LLC was organized under the laws of the state of New Hampshire on August 21, 2015 and is headquartered in Concord, New Hampshire. The Company was formed for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate a USA Ninja Challenge franchise.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash Equivalents

The Company considers cash on hand, bank checking accounts and temporary investments, with an initial maturity of three months or less, to be cash equivalents.

Concentration of Credit Risk

The Company maintains two cash accounts at an area bank as of December 31, 2022. The accounts held at this financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $ 250,000 per depositor. At December 31, 2022 and 2021, there were uninsured cash balances of $310,319 and $44,446 respectively. Management considers any potential credit risk. to be minimal.

Cash Escrow

Some states where the Company conducts business require mandatory amounts held in escrow. The total reported cash balance at December 31, 2022 includes an escrow amount of $70,010.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off directly to bad debt expense.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventory

Inventory is stated at the lower of cost or market, with cost determined by the specific identification method.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. The Company has a capitalization policy for property and equipment valued over $300, with an expected useful life of more than one year. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from five to seven years. Depreciation expense for the years ended December 31, 2022 and 2021 was $1,347 and $1,558 respectively.

Income Taxes

The Company is treated as a partnership for Federal income tax purposes. Consequently, Federal income taxes are not payable by the Company. Members are taxed individually on their respective share of the Company's income, deductions and credits. The Company's net income is allocated among the members in accordance with specified Company regulations.

In accordance with Accounting Standards Codification (ASC) 40, deferred income tax assets and liabilities are considered for differences between financial statement and tax treatment of assets and liabilities that may result in taxable or deductible amounts in the future. Management has considered such differences, which primarily consist of accelerated depreciation, and has determined that deferred income tax assets and liabilities are not material to the financial statements taken as a whole.

Uncertain Tax Positions

Management has determined that the Company does not have any uncertain tax pos1t10ns and associated unrecognized benefits or liabilities that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company or its members will not be subject to additional tax, plus interest and penalties, as a result of such challenge. Generally, the Company's tax returns remain open to examination for three years subsequent to filing.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and receivables. The carrying value for all such instruments, considering the terms, approximates fair value at December 31, 2022 and 2021.

Revenue Recognition

The Company accounts for revenue using the accounting method prescribed for franchisors under Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers.

Deferred revenue consists of fees paid to the Company when a franchise agreement is signed. This revenue is deferred until all material services or conditions relating to the sale have been substantially performed or satisfied by the Company. In 2022, $265,000 of franchise fees were collected, of which $215,000 were deferred. In 2021, $60,000 of franchise fees were collected, of which $60,000 were deferred.

Prepaid Expenses

The Company pays comm1ss1ons for certain franchise sales. In 2022, $219,000 was paid in commissions and expenses related to the sale of franchises, of which $75,000 was considered prepaid. In 2021, $60,000 was paid in commissions and expenses related to the sale of franchises, of which $54,000 was considered prepaid.

Advertising Costs

The Company generally expenses advertising costs as they are incurred. Advertising and marketing expense for the years ended December 31, 2022 and 2021 was $17,754 and $5,098 respectively.

NOTE H - LEASES

The Company entered into a lease agreement commencing on September 1, 2022 for certain office space located at 14 Chenell Drive in Concord, New Hampshire on a month-to-month basis. The stated lease payments are $1,000 per month. The current future minimum lease payments for the year ending December 31, 2023 would be $12,000.

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2022 and 202l:

	2022	2021
Computers	$ 3,198	$ 2,699
Equipment	7,312	7,312
Furniture and Fixtures	1,457	1,457
Total Property and Equipment	11,967	11,468
Less: Accumulated Depreciation	(7,021)	(5,674)
Net Property and Equipment	$ 4,946	$ 5,794

NOTE D - LONG-TERM DEBT

The Company executed a promissory note with a bank, dated May 14, 2020, in the principal amount of $57,200, as part of the Corona virus Aid, Relief and Economic Security Act's Paycheck Protection Program (PPP), sponsored by the Small Business Administration (SBA). The Company applied to the lender for full forgiveness of the loan and on February 26, 2021, the loan was forgiven by the SBA and, in turn, the entire principal amount was remitted to the lender. The Company reclassified the liability, considered to be a refundable advance, as other income in the prior period.

The Company executed a promissory note with a bank, dated February 12, 2021, in the principal amount of $57,200, as part of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act), sponsored by the Small Business Administration (SBA). The Company applied to the lender for full forgiveness of the loan and on September 14, 2021, the loan was forgiven by the SBA and, in tum, the entire principal amount was remitted to the lender. The Company also accounted for this forgiven loan as other income in the prior period.

The Company received a grant in 2020, in the amount of $101,975, from the State of New Hampshire Main Street Relief Fund. The entire balance, originally recorded as a liability, was reclassified as other income in 2021.

NOTE E-RECLASSIFICATION OF PRIOR PERIOD PRESENTATION

Certain prior period amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations. An adjustment has been made to the December 3 L 2021 balance sheet to present the entire Prepaid Expenses (asset) and Deferred Revenue (liability) balances as current.

NOTE F- COVID-19 GOING CONCERN

On March 11, 2020, the World Health Organization (WHO) declared the outbreak of the novel coronavirus (COVID-19) a global pandemic. As a result, uncertainties have arisen which are likely to negatively impact net income. Other financial impacts could occur, though such financial impacts are unknown and not quantified at this time.

NOTE G- EVALUATION OF SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 3, 2023, the date which the financial statements were available to be issued.

DAVID A. KREED

Certified Public Accountant
36 North Street Manchester, New Hampshire 03104

Tel: (603) 625-4792 Fax: (603) 624-5993

dkreedcpa@comcast.net

Consent of the Independent auditor

Ladies and Gentlemen:

David A. Kreed, CPA consents to the use in the Franchise Disclosure Document issued by USA Ninja Challenge Franchising, LLC ("Franchisor") on March 15, 2023, as it may be amended, of our report dated February 3, 2023, relating to the financial statements of the Franchisor for the year ended December 31, 2022.

David A. Kreed

David A. Kreed
Certified Public Accountant

USA NINJA CHALLENGE FRANCHISING, LLC

AUDITED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

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DAVID A. KREED

Certified Public Accountant
36 North Street Manchester, New Hampshire 03104

Tel: (603) 625-4792 Fax: (603) 624-5993

dkreedcpa@comcast.net

INDEPENDENT AUDITOR'S REPORT

To the Members
USA Ninja Challenge Franchising, LLC Concord,
New Hampshire 03301

Opinion

We have audited the accompanying financial statements of USA Ninja Challenge Franchising, LLC, which comprise the balance sheets as of December 31, 2021 and 2020 and the related statements of income, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 USA Ninja Challenge Franchising, LLC 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, 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 USA Ninja Challenge Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about USA Ninja Challenge Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

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

David A. Kreed

David A. Kreed
Certified Public Accountant
May 11, 2022

USA NINJA CHALLENGE FRANCHISING, LLC
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

ASSETS	2021	2020
Current Assets		
Cash	$ 294,446	$ 173,603
Accounts Receivable	96,074	899
Inventory	23,943	15,523
Prepaid Expenses - Current Portion	36,000	4,920
Total Current Assets	450,463	194,945
Property and Equipment		
Furniture and Equipment	11,468	9,666
Less Accumulated Depreciation	(5,674)	(4,116)
Net Property and Equipment	5,794	5,550
Other Assets		
Prepaid Expenses - Long Term	18,000	36,080
Total Assets	$ 474,257	$ 236,575
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts Payable	$ 53,004	$ 333
Deferred Revenue - Current Portion	80,000	20,000
Note Payable - PPP	0	57,200
Total Current Liabilities	133,004	77,533
Other Liabilities		
Deferred Revenue - Long Term	40,000	160,000
Note Payable - Long Term	0	101,975
Total Other Liabilities	40,000	261,975
Total Liabilities	173,004	339,508
Members' Equity		
Members' Equity	301,253	(102,933)
Total Liabilities and Members' Equity	$ 474,257	$ 236,575

USA NINJA CHALLENGE FRANCHISING, LLC
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

REVENUES:	2021	2,020
Equipment and Merchandise	$ 381,708	$ 254,503
Franchise Fees	120,000	74,000
Royalties	157,514	100,000
Other Revenue	164,100	58,405
Total Revenues	823,322	486,908
COST OF SALES	304,128	302,430
GROSS MARGIN	519,194	184,478
EXPENSES:		
Advertising	5,098	3,810
Bank Charges	450	450
Commissions	47,000	2,000
Computer and Internet	2,434	7,989
Depreciation	1,558	1,601
Guaranteed Payments to Members	48,192	61,692
Insurance	10,614	8,966
Meals and Entertainment	1,409	0
Merchant Fees	2,684	0
Miscellaneous	609	1,781
Office Expenses	1,045	9,705
Payroll	133,660	118,782
Payroll Taxes	11,442	8,776
Postage and Delivery	11,031	0
Professional Fees	15,375	3,550
Registrations	2,766	2,852
Rent and Occupancy	12,641	18,914
Taxes	1,047	0
Travel	19,932	15,080
Total Expenses	328,987	265,948
INCOME FROM OPERATIONS (DEFICIT)	190,207	(81,470)
OTHER INCOME (EXPENSE)		
Other Income	217,190	0
Interest Expense	(815)	0
Total Other Income (Expense)	216,375	0
PROVISION FOR INCOME TAX	1,943	1,549
NET INCOME (DEFICIT)	$ 404,639	$ (83,019)

USA NINJA CHALLENGE FRANCHISING, LLC
STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

BALANCE, JANUARY 1, 2020	$	19,572
Distributions		(39,486)
Net Income (Deficit)		(83,019)
BALANCE, DECEMBER 31, 2020		(102,933)
Distributions		(453)
Net Income (Deficit)		404,639
BALANCE, DECEMBER 31, 2021	$	301,253

USA NINJA CHALLENGE FRANCHISING, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

Cash Flows From Operating Activities	2021	2020
Net Income (Deficit)	$ 404,639	$ (83,019)
Adjustments to Reconcile Excess (Deficiency) of Revenue over Expenses to Cash Provided (Used) by Operating Activities:		
Depreciation	1,558	46
Forgiveness of Paycheck Protection Program Loan	(115,215)	0
New Hampshire Main Street Grant	(101,975)	0
(Increase) Decrease in:		
Accounts Receivable	(95,175)	45,245
Inventory	(8,420)	(4,021)
Prepaid Expenses	(13,000)	76,000
Increase (Decrease) in:		
Accounts Payable	52,671	{2,320)
Deferred Revenue	(60,000)	(72,000)
Net Cash Provided (Used) by Operating Activities	65,083	(40,069)
Cash Flows From Investing Activities		
Expenditures on Fixed Assets	(1,802)	(379)
Net Cash Provided (Used) by Investing Activities	(1,802)	(379)
Cash Flows From Financing Activities		
Members' Draw	(453)	(39,535)
Proceeds from New Hampshire Main Street Grant	0	101,975
Proceeds from Paycheck Protection Program Loan	58,015	57,200
Net Cash Provided (Used) by Financing Activities	57,562	119,640
Net Increase (Decrease) In Cash	120,843	79,192
Cash at Beginning of Year	173,603	94,411
Cash at End of Year	$ 294,446	$ 173,603
Supplemental Information		
Interest Paid	$ 815	$ 0

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

USA Ninja Challenge Franchising, LLC was organized on August 21, 2015 under the laws of the State of New Hampshire for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own USA Ninja Challenge franchise.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions the affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash Equivalents

The Company considers cash on hand, bank checking accounts and temporary investments with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Company maintained a cash account at an area bank as of December 31, 2021. The account held at this financial institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor. As of December 31, 2021 and 2020, there were uninsured cash balances of $44,446 and $-0- respectively. Management believes that any possible credit risk is not significant.

Inventories

Inventories are stated at the lower of cost or market with cost determined by the specific identification method.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided for using the straight-line method in amounts designed to amortize the cost of the related assets over their estimated useful lives as follows:

Furniture and Equipment	7 years
Software and Computers	5 years

Costs for repairs and maintenance are expensed when incurred. The Company generally capitalizes and depreciates all assets with a cost greater than $300 and an expected useful life greater than one year. Assets sold or otherwise disposed of are removed from the accounts, along with the related accumulated depreciation, and any gain or loss is recognized. Depreciation expense for the year ended December 31, 2021and 2020 was $1,558 and $1,601 respectively

Income Taxes

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable by, or provided for, the Company. Members are taxed individually on their shares of the Company's earnings. The Company's net income is allocated among the members in accordance with the regulations of the Company.

In accordance with Accounting Standards Codification 740, deferred income tax assets and liabilities are considered for differences between financial statements and tax bases of assets and liabilities that may result in taxable or deductible amounts in the future. Management has considered such differences, which primarily consist of accelerated depreciation methods used for federal and state income tax purposes, and has determined that deferred income tax assets and liabilities are not material to the financial statements taken as a whole.

Uncertain Tax Positions

Management has determined that the Company does not have any uncertain tax positions and associated unrecognized benefits or liabilities that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company or its members will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Company's tax returns remain open for three years for federal income tax examination

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and receivables. The carrying value for all such instruments, considering the terms, approximates fair market value at December 31, 2021 and 2020.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off directly to bad debt expense.

Advertising Costs

The Company generally expenses advertising costs as they are incurred. Advertising and marketing expense for the years ended December 31, 2021 and 2020 was $5,098 and $3,810 respectively.

Revenue Recognition

The Company accounts for revenue using the accounting method prescribed for franchisors under Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers.

Deferred revenue consists of fees paid to the Company when a franchise agreement is signed. This revenue is deferred until all material services or conditions relating to the sale have been substantially performed or satisfied by the Company. In 2021 $60,000 of franchise fees were collected of which $60,000 was deferred ($40,000 current and $20,000 long-term). In 2020 $60,000 of franchise fees were collected of which $40,000 was deferred ($20,000 current and $20,000 long-term).

The Company pays commissions for certain franchise sales. In 2021, $60,000 was paid in commissions and expenses relating to the sale of franchises. Prepaid commissions totaled $54,000 ($36,000 current and $18,000 long-term). In 2020, $70,000 was paid in commissions and expenses relating to the sale of franchises. Prepaid commissions totaled $41,000 ($4,920 current and $36,080 long-term).

Royalty fees and other revenues are reported as earned.

NOTE B - PROPER1Y AND EQUIPMENT ANDACCUMULATED DEPRECIATION

Property and equipment as of December 31, 2021 and 2020 is as follows:

	2021	2020
Computers	$ 2,699	$ 2,699
Equipment	7,312	5,510
Furniture and Fixtures	1,457	1,457
Total Property and Equipment	11,468	9,666
Less: Accumulated Depreciation	(5,674)	(4,116)
Net Property and Equipment	$ 5,794	$ 5,550

NOTE C - LONG-TERM DEBT

The Company executed a promissory note with a bank, dated May 14, 2020, in the principal amount of $57,200, as part of the Coronavirus Aid, Relief and Economic Security Act' s Paycheck Protection Program (PPP), sponsored by the Small Business Administration (SBA). The loan terms state that a portion or the entire loan may qualify for forgiveness under the PPP, to the extent that the loan proceeds were utilized to fund qualifying payroll, rent and utilities costs during a designated eight-week period. The Company applied to the lender for full forgiveness of the loan and as of February 26, 2021, the loan was forgiven by the SBA, and in turn, the entire principal amount was remitted to the bank. The liability, considered to be a refundable advance, was reclassified as other income in the current period.

The Company executed a promissory note with a bank, dated February 12, 2021, in the principal amount of $57,200, as part of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act), sponsored by the Small Business Administration (SBA). The loan terms state that the borrower may apply to the lender for forgiveness after the "loan forgiveness covered period", which is the twenty-four-week period beginning on the date the loan proceeds were disbursed. The Company applied to the lender for full forgiveness of the loan and as of September 14, 2021, the loan was forgiven by the SBA and in turn, the entire principal amount was remitted to the bank. The Company accounted for the second PPP loan under the same method as the initial loan.

The Company received a grant in 2020, in the amount of $101,975, from the State of New Hampshire Main Street Relief Fund. The entire balance, originally recorded as a long-term liability, was reclassified as other income in the current period.

NOTED - LEASES

The Company leased office space for a one-year term commencing April 1, 2019 through March 31, 2020. Lease payments were $1,150 per month. The Company was a tenant at will until February 2021 when they relocated to Chenell Drive, Concord, New Hampshire.

NOTE E - COVID 19 GOING CONCERN

On March 11, 2020, the World Health Organization (WHO) declared the outbreak of the novel coronavirus (COVID-19) a pandemic. As a result, uncertainties have arisen which are likely to negatively impact net income. Other financial impacts could occur, though such financial impacts are unknown at this time.

NOTE F - SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 11, 2022, the date which the financial statements were available to be issued

DAVID A. KREED

Certified Public Accountant
36 North Street Manchester, New Hampshire 03104

Tel: (603) 625-4792 Fax: (603) 624-5993

dkreedcpa@comcast.net

Ladies and Gentlemen:

David A. Kreed, CPA consents to the use in the Franchise Disclosure Document issued by USA Ninja Challenge Franchising, LLC ("Franchisor") on May 22, 2022, as it may be amended, of our report dated May 11, 2022, relating to the financial statements of Franchisor for the year ended December 31, 2021.

David A. Kreed

David A. Kreed
Certified Public Accountant

EXHIBIT G

OPERATIONS MANUAL TABLE OF CONTENTS

Manual Section	Number of Pages
Preface & Introduction	16
Establishing My Franchise Business	38
Personnel	47
Administrative Procedures	8
Daily Procedures	10
Selling & Marketing	16
Total Number of Pages	**135**

EXHIBIT H

CURRENT AND FORMER FRANCHISEES

Current Franchisees

Names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets:

Gymnastics Village
Deanna Shenk
13 Caldwell Drive, Amherst, NH 03031
(603) 889-8092
Date Purchased: 12-28-2015

The Three Ninjas
David and Wendy McGinnis
405 Sullivan Ave, South Windsor, CT 06074
(860) 436-3500
Date Purchased: 1-25-2016

Gym-Nation
Mike and Tania Gauthier
836 Reading Rd., Mason, OH 45040
(513) 229-7315
Date Purchased: 9-12-2016

Legacy Academy Gymnastics and Ninja (formerly KidzPlex)
Brian Bensley
2285 River Rd., Grand Junction, CO 81505
(970) 245-3610
Date Purchased: 11-5-2016

Bad Puns, LLC
David Gordon
1910-A Martin Luther King Jr. Pkwy, Durham, NC 27707
(984) 219-2559
Date Purchased: 2-22-2017

Ninja Fitness HOU, Inc
Thomas Pielech
22564 Franz Rd, Katy, TX 77449
(281) 394-1986
Date Purchased: 2-6-2018

Wicked Ninja, LLC
Amy Harley
27 Charles St, North Andover, MA 01845
(978) 918-7794
Date Purchased: 3-5-2018

USA Ninja Medford, LLC
Steve Sharp
4727 Red Bank Rd, Cincinnati, OH 05227
(513) 739-5528
Date Purchased: 7-13-2018

Ninja Twins NH, LLC
PJ Scalzi
444 East Industrial Park Dr, Manchester, NH 03109
(603) 935-7100
Date Purchased: 10-15-2018

Ninja Twins, LLC
PJ Scalzi
19 Brigham St, Marlborough, MA 01752
(774) 843-2066
Date Purchased: 5-13-2018

Wasatch Ninja, LLC
Debbie White
4731 South Commerce Dr, Murray, UT 84107
(406) 640-1404
Date Purchased: 5-20-2018

Ninja Kidz Obstacle Training Corp.
Brian O'Connor
19 Friars Dr, Hudson, NH 03051
(603) 417-6820
Date Purchased: 9-19-2018

Clements Fitness Solution, LLC
Joey Clements
202 Industrial Blvd, Sugar Land, TX 77478
(281) 667-6129
Date Purchased: 10-5-2018

Clements Fitness Solutions 2, LLC
Joey Clements
21227 Blair Rd, Conroe, TX 77478
(281) 667-6129
Date Purchased: 10-5-2018 **MadaFinn Ninjas, LLC**
Wendy McGinnis
24A Robert Porter Rd, Southington, CT 06489
(860) 736-5566
Date Purchased: 3-1-2019

K3 Ninjas, Inc.
Jana & Kris King
250 Commonwealth Ave., Bristol, VA 24201
(423) 967-8269
Date Purchased: 11-1-2019

Trinity Ninja, LLC
Marcus Heyn
5850 Kroger Dr., Suite 140, Keller, TX 76244
(469) 616-4322
Date Purchased: 11-11-2019

USANC Houston SE, LLC
Wendy Holley and Ashlynn Holley
309 Ibis Street, Suite B, Webster, TX 77598
(281) 250-5912
Date Purchased: 7-27-2020

JLAF Ninja Cleveland South East, Inc.
Jeff Flament
2700 E Aurora Dr., Twinsburg, OH 44087
(330) 272-6840
Date Purchased: 2-6-2021

Reis Ninja, LLC
Chris Reis
249 N. 11th St., Sunbury, PA 17801
(717) 383-5443
Date Purchased: 8-5-2021

MD Ninja Concord, LLC
Michael Degieux
14 Chenell Drive, Concord, NH 03301
(603) 229-7112
Date Purchased: 3-11-2022

ANM Fitness, LLC
Mike Porter
3320 Tylersville Rd, Ste. H, Fairfield Twp, OH 45011
(513) 543-3012
Date Purchased: 3-29-2022

AJ and Sons Ninja, Inc.
Andrea May
4207 Portsmouth Blvd, Chesapeake, VA 23321
(757) 262-6790
Date Purchased: 6-28-2022

901 Ninja, LLC
Lisa Edwards
7505 Appling Center Dr., Ste. 108, Memphis, TN 38133
(901) 481-1993
Date Purchased: 9-30-2022

Current Franchisees Whose Outlets are Not Yet Open

Names of all current franchisees whose outlets are not yet open (as of the end of our last fiscal year) and the address and telephone number of each of their outlets:

Deldeb Health & Fun, LLC
Javier Delgado
9401 West Colonial Dr, Ste. 338, Ocoee, FL 34761
(780) 860-8434
Date Purchased: 11-2-2021

Entity Name - TBD
Vladimir Fefer
Chicago, IL – location TBD
(773) 551-4637
Date Purchased: 3-30-2022

5 & The Fox, LLC
Jen McNamee
8450 Warner Rd., Ste. 400, Plain City, OH 43064
(419) 310-2302
Date Purchased: 3-30-2022

Cumberland Valley Ninja, LLC
Justin and ChiChen Schreibeis
1909 State Street, Camp Hill, PA 17011 (717) 350-47565
Date Purchased: 4-25-2022

Deldeb Health & Fun, LLC
Cynthia Agbetuyi
Prosper, TX – location TBD
(469) 744-9155
Date Purchased: 7-1-2022

–Ninja Hat, LLC
Niraj Talati
265 Warren ?Drive, Norton, MA 02056
(401) 651-3265
Date Purchased: 9-30-2022

Entity Name - TBD
Velika Williams
Deland, FL – location TBD
(407) 490-7203
Date Purchased: 11-1-2022

Rebnoa Success, Inc.
Melissa McCarthy
445 W. Commercial St., East Rochester, NY 14445
(585) 705-5701
Date Purchased: 1-31-2023

HAVN LLC
Kim Pool and Jolene Chen
215 Gothic Court, Suite 206, Franklin, TN 37067
(702) 271-8882
Date Purchased: 2-10-2023

Entity Name - TBD
Amanda Moore
Rockwall, TX - Location TBD
(469) 767-5445
Date Purchased: 3-13-2023

Entity Name - TBD
Meghan Vaughn
Palm City, FL - Location TBD
(772) 529-5760
Date Purchased: 4-28-2023

ALC Enterprise Corp
Hailey Mullen
Boise, ID - Location TBD
(208) 685-9246
Date Purchased: 7-25-2023

Mighty Warrior Academy, Inc.
Arnaldo Brasil
Santa Clara, CA - Location TBD
(650) 219-6898
Date Purchased: 7-28-2023

Entity Name - TBD
Kristy Tyler
Marietta, GA - Location TBD
(404) 623-8394
Date Purchased: 9-20-2023

Entity Name - TBD
Stephen Saekoo
Cary, NC - Location TBD
Phone #
Date Purchased: 10-2-2023

Entity Name - TBD
Djibril Coulibaly
Santa Maria, CA - Location TBD
(805) 264-2177
Date Purchased: 10-3-2023

Ninja Nova, LLC
Daniel Umpa
Quantico, VA - Location TBD
(301) 915-5979
Date Purchased: 10-18-2023

Entity Name - TBD
Trent Stonerook
Milwaukee, WI - Location TBD
(262) 337-5302
Date Purchased: 11-8-2023

Former Franchisees

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

United Sports Academy
Dima Raynova
1035 Reeves St., Dunmore, PA 18512
(570) 963-5477
Date Purchased: 9-23-2015

Ninja 500, LLC
Bryan Alu
500 Front St, Louisville, CO 80027
(720) 440-1235
Date Purchased: 3-21-2018

Makodo Ninja, LLC
Jennifer Bourgelais
5047 Ulmerton Rd, Largo, FL 33760
(727) 510-7037
Date Purchased: 5-26-2018

RCP Management, LLC (Eric Pastan) and CDM Management, LLC (Justin Marti) Eric Pastan & Justin Marti

90 Providence Hwy, Walpole, MA 02032
(617) 448-8371
Date Purchased: 4-8-2019

Vaishnavi & Harish Sainani
Pittsburgh, PA – location TBD
(901) 490-5649
Date Purchased: 9-2-2019

EXHIBIT I
STATE ADDENDA TO DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of California only, this Disclosure Document is amended as follows:

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.

Risk Factors

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR at least 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

2. OUR WEBSITE AT www.usaninjachallenge.com 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.

Item 3

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

Item 6

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

Item 17

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

California Law Regarding Termination, Transfer, and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer, or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

Termination Upon Bankruptcy. 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.).

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

Arbitration. The franchise agreement requires binding arbitration. The arbitration will occur at Manchester, New Hampshire, with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Applicable Law. The franchise agreement requires application of the laws of the State of New Hampshire. This provision may not be enforceable under California law.

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

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

Item 19

The following is added to Item 19:

The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your USA Ninja Challenge business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy:

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

a. Representations made by the franchisor or its personnel or agents to a prospective franchisee.
b. Reliance by a franchisee on any representations made by the franchisor or its personnel or agents
c. Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
d. Violations of any provisions of this division.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

THESE FRANCHISES WILL BE/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 COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR 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 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS 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.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: _____

2. A proposed registration or filing is or will be shortly on file in the following states: _____

3. No states have refused, by order or otherwise to register these franchises.

4. No states have revoked or suspended the right to offer these franchises.

5. The proposed registration of these franchises has not been withdrawn in any state.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Illinois only, this Disclosure Document is amended as follows:

Illinois governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction of venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

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

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 11:

> Fees related to advertising are to be raised and spent as follows: _____. You may obtain an accounting of advertising expenditures by the Brand Development Fund by making a written request to us.

The following is added to Item 17:

> Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
>
> You are not required to assent to a period of limitations for causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland, other than the period of limitations set forth in that statute. You must bring an action under such law within three years after the grant of the franchise.
>
> You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.
>
> The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non- renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

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 FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALLTHE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**": The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.

2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.

6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.

7. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.

8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

> Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.
>
> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

> Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

(See Exhibit J for Washington Addendum to Disclosure Document and Rider to Franchise Agreement)

EXHIBIT J

STATE ADDENDA TO FRANCHISE AGREEMENT

CALIFORNIA RIDER TO FRANCHISE AGREEMENT

California Civil Code section 310.114.1 is applicable to the Franchise Agreement.

ILLINOIS RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the "Agreement"), between USA Ninja Challenge Franchising, LLC, a New Hampshire Limited Liability Company ("USA Ninja Franchise Company") and _____, a _____ _____ ("Franchisee").

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Illinois Act" means the Illinois Franchise Disclosure Act of 1987.

2. **Governing Law and Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.

3. **Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.

4. **Waivers Void.** Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

5. Payment of Initial Franchise / Development Fees will be deferred until Franchisor has met its initial obligations to Franchisee, and Franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

6. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
_____	USA Ninja Challenge Franchising, LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

INDIANA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the "Agreement"), between USA Ninja Challenge Franchising, LLC, a New Hampshire Limited Liability Company ("USA Ninja Franchise Company") and _____, a _____ _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Indiana Acts" means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. Certain Provisions Deleted. To the extent required for the Agreement to be in compliance with the Indiana Acts, any provision of the Agreement which would have any of the following effects is hereby deleted:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such 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 designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business 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.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) 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.

(5) 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 the Indiana Deceptive Franchise Practices Act 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 subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to 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 a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an 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.

3. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
_____	USA Ninja Challenge Franchising, LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

MARYLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the "Agreement"), between USA Ninja Challenge Franchising, LLC, a New Hampshire Limited Liability Company ("USA Ninja Franchise Company") and _____, a _____ _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Maryland Franchise Law" means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

2. No Waiver of State Law In Sale. Notwithstanding any provision of the Agreement to the contrary, as a condition of the sale of a franchise, USA Ninja Franchise Company shall not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve USA Ninja Franchise Company or any other person from liability under the Maryland Franchise Law.

3. No Release of Liability. Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Statute of Limitations. Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.

5. Jurisdiction. Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

6. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
_____	USA Ninja Challenge Franchising, LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

MINNESOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the "Agreement"), between USA Ninja Challenge Franchising, LLC, a New Hampshire Limited Liability Company ("USA Ninja Franchise Company") and _____, a _____ _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Minnesota Act" means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. Amendments. The Agreement is amended to comply with the following:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non- renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state "No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues."

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
_____	USA Ninja Challenge Franchising, LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

NEW YORK RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the "Agreement"), between USA Ninja Challenge Franchising, LLC, a New Hampshire Limited Liability Company ("USA Ninja Franchise Company") and _____, a _____ _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Waivers Not Required. Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve USA Ninja Franchise Company or any other person from any duty or liability imposed by New York General Business Law, Article 33.

3 Waivers of New York Law Deleted. Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by USA Ninja Franchise Company with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

4. Governing Law. Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.

5. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
_____	USA Ninja Challenge Franchising, LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the "Agreement"), between USA Ninja Challenge Franchising, LLC, a New Hampshire Limited Liability Company ("USA Ninja Franchise Company") and _____, a _____ _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Amendments. The Agreement (and any Guaranty Agreement) is amended to comply with the following:

(1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind subject to NDCC Section 9-08-06.

(2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee's business.

(3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.

(4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.

(5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.

(6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.

(7) Waiver of Exemplary & Punitive Damages: Franchisee does not waive of exemplary and punitive damages.

(8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.

(9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

(10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
_____	USA Ninja Challenge Franchising, LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

RHODE ISLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the "Agreement"), between USA Ninja Challenge Franchising, LLC, a New Hampshire Limited Liability Company ("USA Ninja Franchise Company") and _____, a _____ _____ ("Franchisee").

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. **Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

3. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
_____	USA Ninja Challenge Franchising, LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT
AND
RIDER TO FRANCHISE AGREEMENT

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

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

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitation period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
_____	USA Ninja Challenge Franchising, LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

STATE EFFECTIVE DATES

The following chart lists states which require that this disclosure document be registered or filed with the state or be exempt from registration. In these states, the effective date of this disclosure document is as follows:

State	Effective Date
California	4/22/23
Hawaii	
Illinois	4/6/23
Indiana	7/22/24
Maryland	Not applicable
Michigan	6/28/24
Minnesota	8/23/24
New York	4/30/23
North Dakota	Not applicable
Rhode Island	3/26/23
South Dakota	Not applicable
Virginia	5/8/23
Washington	Not applicable
Wisconsin	10/20/23

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 USA Ninja Challenge Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If USA Ninja Challenge Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Mr. Richard Knight	14 Chenell Drive, concord, NH 03301	603-566-9560
Mr. Dale Grant	14 Chenell Drive, concord, NH 03301	603-393-9936

Issuance Date: 5/7/2024

I received a disclosure document dated [_____] that included the following Exhibits:

A. State Administrators and Agents for Service of Process
B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
C. Multi-Unit Development Agreement
D. Rider to Lease Agreement
E. Form of General Release
F. Financial Statements
G. Operating Manual Table of Contents
H. Current and Former Franchisees
I. State Addenda to Disclosure Document
J. State Addenda to Franchise Agreement

Signature: _____
Print Name: _____
Date Received: _____

Keep This Copy for Your Records

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.

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F. Financial Statements
G. Operating Manual Table of Contents
H. Current and Former Franchisees
I. State Addenda to Disclosure Document
J. State Addenda to Franchise Agreement

Signature: _____
Print Name: _____
Date Received: _____

Return this copy to us.

USA Ninja Challenge Franchising, LLC
14 Chenell Drive, Concord, NH 03301