FRANCHISE DISCLOSURE DOCUMENT

TYG ENTERPRISES, LLC
a Delaware Limited Liability Company
1/2 Cawarra Road
Caringbah, NSW, 2229, Australia
Tel. 858-241-4134

www.theyardgym.com.au
franchise@theyardgym.com.au

Franchised Gym: We offer franchises for the operation of a boutique strength and conditioning fitness studio identified by THE YARD GYM trademarks that we designate ("Licensed Marks") specializing in functional strength, conditioning, and anerobic group classes using pro-level fitness equipment and featuring individual fitness coaching in an aesthetically-inviting and high-energy space.

Total Initial Investment: The total investment necessary to begin operation of a Franchised Gym ranges from $398,550 to $954,100 unless you are a conversion franchisee. This includes from $187,050 to $240,600 that must be paid to us or our affiliates before your Franchised Gym opens for business.

If you qualify as a conversion franchisee, the total investment necessary to begin operation of a Franchised Gym ranges from $236,550 to $539,100. This includes from $152,050 to $215,600 that must be paid to us or our affiliates before you may reopen your remodeled fitness facility as a Franchised Gym subject to the assumptions in Item 5. We reduce the Initial Franchise Fee payable by a conversion franchisee by 50%.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Dan Bova, CEO, TYG Enterprises, LLC, 1/2 Cawarra Road, Caringbah, NSW, 2229, Australia (telephone: 858-241-4134); franchise@theyardgym.com.au.

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

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

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

Issuance Date: October 18, 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 **Exhibits J** and **K**.
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 I** 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 franchise 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 an franchisee?	Item 20 or **Exhibits J** and **K** list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this Disclosure Document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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 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, **Exhibit H**. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

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

1. **Out-of-state dispute resolution.** The Franchise Agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in the state in the United States where we maintain our principal place of business. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. If you do not operate in the same state where we maintain our principal place of business, it may also cost more to mediate, arbitrate, or litigate with us than in your own state.

2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

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

5. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

6. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

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

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

TABLE OF CONTENTS

Page

List of Exhibits

MICHIGAN PROVISIONS

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

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

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

(2) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided by Michigan law. This shall not preclude a franchisee, after entering into a Franchise Agreement, from settling any and all claims.

(3) 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.

(4) 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.

(5) 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.

(6) 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.

(7) 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:

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

B. The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

D. 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.

(8) 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).

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

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

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE SECTION, G. MENNEN WILLIAMS BUILDING, 525 W. OTTAWA STREET, 6TH FLOOR, LANSING, MICHIGAN 48933, tel. (517) 373-7117.

.

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

Terminology.

To simplify the language in this Franchise Disclosure Document ("Disclosure Document"), "Company," "us," "we" and "our" refer to TYG Enterprises, LLC, the franchisor. "You" means the business entity that buys the franchise and executes a Franchise Agreement with us, which may be a corporation, partnership or limited liability company.

Throughout this Franchise Disclosure Document, we capitalize terms and assign them special definitions. The definitions appear in the sentence in which we first use the term. Many of these definitions also appear in alphabetical order in Section 1 of the Franchise Agreement, which is **Exhibit C** to this Disclosure Document.

The Franchisor and Our Parents and Affiliates.

We are a Delaware limited liability company that was formed on May 5, 2023. Our current principal place of business is 2 Cawarra Road, Caringbah, NSW, 2229, Australia; phone 858-241-4134. We intend to relocate our headquarters to Southern California in 2024. We conduct business under our corporate name and under the trade name "THE YARD GYM" in connection with our administration of THE YARD GYM franchise program in the United States outside of the state of Illinois, and "TYG FITNESS" in connection with our administration of the TYG TRAINING franchise program in the state of Illinois. **Exhibit B** lists our agents for service of process.

We are affiliated through common ownership with The Yard Ventures Pty Ltd, an Australian limited liability company organized on September 13, 2021, with a principal place of business at 2 Cawarra Road, Caringbah, NSW, 2229, Australia (our "TYG Affiliate").

The immediate parent company of both our company and our TYG Affiliate is Bova Fitness Pty Ltd., an Australian limited liability company organized on July 29, 2014, with a principal place of business in Australia at 2 Cawarra Road, Caringbah, NSW, 2229, Australia (our "Bova Parent").

Our Bova Parent initially owned all of the intellectual property associated with THE YARD GYM and TYG TRAINING. It licensed our affiliate, The Yard Gym Pty, Ltd. an Australian limited liability company organized on May 5, 2020, with a principal place of business at 2 Cawarra Road, Caringbah, NSW, 2229, Australia, to use THE YARD GYM intellectual property to open and operate the first THE YARD GYM in Caringbah, Australia, which began doing business on July 13, 2020. In 2021, after our TYG Affiliate was organized, our Bova Parent licensed our TYG Affiliate to use THE YARD GYM intellectual property to sell THE YARD GYM franchises for locations in Australia. In 2023, our Bova Parent assigned all of its right, title and interest in and to THE YARD GYM intellectual property to our TYG Affiliate. See Item 13. Our TYG Affiliate has granted us a license to use and sublicense certain of these trademarks to our franchisees in the United States.

As of the Issuance Date of this Disclosure Document, there are no TYG TRAINING facilities operating anywhere in the world. However, as of the end of our most recent fiscal year, June 30, 2024, our TYG Affiliate has entered into 60 franchise agreements for THE YARD GYM, of which 35 franchisee-owned THE YARD GYM locations are open and operating, and 25 franchised locations are under development, for locations in Australia and New Zealand. Additionally, our affiliate, The Yard Gym Pty, Ltd., owns and operates one THE YARD GYM in Caringbah, Australia. In Australia and New Zealand,

our TYG Affiliate and its franchisees may use THE YARD GYM together with TYG TRAINING to identify their THE YARD GYM business. The TYG TRAINING franchise program is modeled after THE YARD GYM franchise program that our affiliate, The Yard Gym Pty, Ltd., operates in Australia.

We have offered THE YARD GYM franchises in the United States (excluding the state of Illinois) since February 16, 2024. We have no predecessor. While we have not conducted a business of the type to be operated by a THE YARD GYM franchisee in the United States, our affiliate, The Yard Gym Pty, Ltd., has operated a THE YARD GYM in Caringbah, Australia, since July 13, 2020.

In 2024, we intend to begin offering TYG TRAINING franchises for locations in the state of Illinois only. We do not plan to offer TYG TRAINING franchises in the United States for locations outside of the state of Illinois, and do not plan to offer THE YARD GYM franchises in the state of Illinois. As we explain in Item 13, we are pursuing a dual branding strategy in the United States because we do not have the right to use THE YARD GYM name in the state of Illinois to identify a gym facility. The TYG TRAINING and THE YARD GYM franchise programs are identical except for use of different trademarks. Both franchise programs use the same types of Designated Goods/Services, which is a term that refers collectively to goods or services that bear the Licensed Marks, are created for us according to our specifications, or for which we designate a mandatory supplier. In the United States, franchisees of THE YARD GYM may not use TYG TRAINING to identify their business, and franchisees of TYG TRAINING may not use THE YARD GYM to identify their business. As we expand in the future, we may award franchises for the operation of TYG TRAINING gyms in jurisdictions outside of the United States where we cannot secure the right to use THE YARD GYM as a trademark.

Except for administering THE YARD GYM franchise program outside of the state of Illinois and the TYG TRAINING franchise program in Illinois, we are not engaged in any other businesses and have never offered franchises in any other line of business.

The Franchises We Offer.

In this Disclosure Document, references to "Network Gym" refer to any THE YARD GYM fitness facility anywhere in the world and their owner, whether we, our affiliate, or another franchisee or licensee of ours or one of our affiliates owns and operates the Network Gym. References to "Franchised Gym" specifically refer to your THE YARD GYM franchised studio.

A YARD GYM franchise offers you the right to own and operate a boutique strength and conditioning fitness facility under the Licensed Marks that caters to all fitness levels and age groups with a distinctive system of strength, endurance, cardio, and short, intense anaerobic exercises. Members and clients of THE YARD GYM enjoy group fitness classes using world-class, pro-level fitness equipment. All group classes are pre-recorded 50-minute sessions that run continuously at set times during each day according to the schedule that you will determine for your Franchised Gym and publicize on the individual subpage ("Franchised Gym Subpage") that we host on our website, www.theyardgym.com.au (the "TYG Website"), which you may customize.

The pre-recorded fitness classes feature our best THE YARD GYM instructors, who demonstrate a system of exercises targeting three main fitness goal - strength, power and endurance training. These exercises adhere to the basic fitness principles of progression, specificity, and individualization. You will display these pre-recorded instructor-led classes on television screens strategically placed in your Franchised Gym's workout space so that clients who sign up for the class are able to perform the exercises as they watch our featured instructors on the television monitor illustrate form and technique. At least one of your training coaches must be on the workout floor throughout each group session to provide individual

guidance to your clients to correct their form and proper use of fitness equipment and encourage clients to achieve progressive goals.

Our pre-recorded group classes fall into three main categories, "RIG," "TURF," AND "PAY DAY." RIG strength and endurance classes run from Monday through Friday, with the first two days of RIG exercises focusing on building lower body strength; the next two days on building upper body strength; and the fifth day focusing on pushing, pulling, and deadlift exercises. We intersperse each day with pre-recorded TURF group sessions that mix different cardiovascular movements and exercises designed to build energy systems and augment power through interval weight training. Our floor coaches guide clients to improve their endurance progressively without the risk of injury or joint pain. Our Saturday PAY DAY classes mix RIG and TURF exercises and organize clients into teams to build resilience and a fitness community at the same time. Franchisees may also offer evening sessions focusing on yoga and other mat exercises for which we do not furnish pre-recorded group classes. Each week we create and send new pre-recorded 50-minute "RIG," "TURF," AND "PAY DAY" class sessions to you that vary the exercises around our core principles to sustain client interest and motivation.

The Franchise Agreement gives you the right to own and operate one Franchised Gym at an "Approved Location," the term we use to designate the premises that we approve for the location of your Franchised Gym. As we explain in Item 5, we will discount the Initial Franchise Fee by up to 20% if you desire to acquire and we agree to sell you additional franchises.

Network Gyms are distinguished by an elegant, calming, minimalist design aesthetic and energized vibe in a relatively compact space ranging from 2,000 to 4,400 square feet, and offer many of the same core amenities as larger full-service gyms. We supply significant support to help you open your Franchised Gym including providing you with a layout and floor plan for a prototype THE YARD GYM and detailed specifications for design, appearance, and trade dress elements. We will sell you an equipment package with most of the fitness equipment and props that you will need for your Franchised Gym. We describe the items in the equipment package in **Exhibit L** to this Disclosure Document. See additional disclosures in Item 5.

In addition, we will sell you "Branded Retail Merchandise" consisting of fitness apparel, water bottles, hats, beanies, towels, and other merchandise and accessory items that either display the Licensed Marks or are produced to our specifications. In the future, we may expand Branded Retail Merchandise to include wearable fitness tracking monitors (e.g., heart rate monitors) and proprietary nutritional foods, beverages, vitamins and supplements at prices that we publish in the Brand Standards Manual. You must offer to sell our entire Branded Retail Merchandise line from your Franchised Gym.

You will use best-in-class third-party software allowing your members and clients to buy class packages and memberships and sign-up for classes from their personal computer or cell phone on your personalized Franchised Gym Subpage. We will run a social media campaign to help publicize the opening of your Franchised Gym to help you attract members and build awareness for the Licensed Marks in your market area.

We offer optional assistance to help you manage your financial books and records by designating a third-party bookkeeping service provider ("Bookkeeping Service") that you may choose to use to prepare your accounts payable, provide payroll services, and prepare financial reports for your Franchised Gym.

You must identify your Franchised Gym and classes using the specific Licensed Marks and signs that we designate, construct and build-out your Franchised Gym so that it conforms to our design and appearance specifications, and operate your Franchised Gym according to the mandatory comprehensive business methods including scheduling the specific group fitness classes that we authorize a minimum

number of times per day and per month. These comprehensive business methods unify operations across Network Gyms owned by different franchisees, which, in turn, strengthens consumer awareness of the Licensed Marks helping to attract new members and clients.

Our comprehensive business methods cover most every aspect of a Network Gym's operation including the following subject matters: (i) requirements for trade dress, equipment, fixtures, furnishings and layout of Network Gyms; (ii) specific fitness curriculum through pre-recorded group classes designed according to our "RIG," "TURF," AND "PAY DAY" training principles using our pro-level fitness equipment; (iii) training in how to train clients in properly using exercise machines and props and related safety issues; (iv) client service standards; (v) local marketing and advertising programs; (vi) the retail sale of Branded Retail Merchandise; (vii) the sale of memberships, class packages and, if we introduce them, gift cards; (viii) standards for the genre and style of music that you may play during opening hours; (ix) use of specific business software applications and financial accounting and recordkeeping support; and (x) requirements for the use of the Licensed Marks and "Company's Intellectual Property," a term that we use to refer collectively to all of the intellectual property that we license you to use under the conditions in the Franchise Agreement, including information that we classify as "Confidential Information." We refer to all of our recommended, mandatory and optional business methods, operating systems, and programs that we license you to use collectively as the "System."

We promote Network Gyms on the TYG Website and will provide each Franchised Gym with their own "click through" Franchised Gym Subpage, where we customize the content to provide current information to your existing and prospective members and clients about your Franchised Gym's operating hours, class descriptions, schedules and other services, prices, instructor profiles, location and travel directions, and special events, and where the public can sign-up for classes and childcare services (when a Franchised Gym has sufficient space to offer this service) remotely. You may use your Franchised Gym Subpage to sell membership and class packages for your own Franchised Gym.

In the future, we may introduce a membership program allowing reciprocity access at any Network Gym and a system-wide electronic gift card program covering all Network Gyms and require you to participate in these programs. We will notify you before we launch any network-wide membership or gift card programs and explain the reciprocity rules in the Brand Standards Manual including addressing when we recognize membership sales and gift card transactions in the calculation of Gross Revenue and other exchange conditions.

THE YARD GYM and TYG TRAINING franchisees use the same confidential operating manuals ("Brand Standards Manual"). After you sign the Franchise Agreement, we will give you access to the Brand Standards Manual, which contain our policies and procedures relevant to your franchise duties and operations and explains our culture and System standards. We post the Brand Standards Manual on our "Network Portal," a private, secure area on the TYG Website where you will find other sample marketing materials, announcements and information relevant to the System.

We offer franchises to operators with at least two years prior experience and own and operate a strength and conditioning gym at a location readily adaptable to a Network Gym and meet our financial and general background criteria. Before you sign the Franchise Agreement, we will evaluate your application and existing gym facility and let you know if you qualify as a "conversion franchisee." Among other things, we extend a 50% discount to conversion franchisees off of the Initial Franchise Fee (see Item 5) and excuse conversion franchisees from paying Royalty Fees and Marketing Fees for the first 8 weeks after the Opening Date of their Franchised Gym (the "Opening Date" is the date that a Network Gym begins offering group classes to members of the public).

A conversion franchisee will sign a Conversion Addendum to the Franchise Agreement in the form of **Exhibit M** to reflect these terms when they sign the Franchise Agreement. A conversion franchisee will also purchase the equipment package that we describe in Item 5. However, if a conversion franchisee already owns the minimum required number of cardio equipment units for their size gym including bikes, rowers and ski-ergs, and all are in good condition and meet our brand standards, the conversion franchisee will not need to purchase new cardio equipment as a condition of buying a THE YARD GYM franchise, but, like startup franchisees, may be required to upgrade all fitness equipment in their Network Gym to exercise the option to renew their Franchise Agreement.

We use the System to operate and franchise gyms in the United States outside of the state of Illinois doing business under the name "THE YARD GYM." In the state of Illinois, we will use the system only to operate and franchise gyms doing business under the name TYG TRAINING. We will not promote TYG TRAINING gyms in Illinois to the public in any manner that connects TYG TRAINING gyms as part of the same network of THE YARD GYM facilities operating outside of Illinois. However, TYG TRAINING and YARD GYM businesses in the United States will be operationally identical in all respects except for doing business under dissimilar trade names and being geographically separate (i.e., TYG TRAINING businesses will only operate in the state of Illinois and YARD GYM businesses will operate everywhere else in the United States except in the state of Illinois).

We intend to optimize our resources in supporting TYG TRAINING and YARD GYM franchisees including by (i) assigning our employees responsibilities for both franchise programs; (ii) utilizing one Network Portal and the same Brand Standards Manual for both franchise programs; (iii) conducting training programs for TYG TRAINING and YARD GYM franchisees jointly; (iv) conducting an Annual Meeting for TYG TRAINING and YARD GYM franchisees jointly; (v) selling the same fitness equipment to TYG TRAINING and YARD GYM franchisees; (vi) authorizing the use of the same strength and endurance classes by TYG TRAINING and YARD GYM franchisees identified by the same names; (vii) permitting TYG TRAINING and YARD GYM franchisees to sell the same styles of Branded Retail Merchandise even though the styles will display different names; (viii) having identical Designated Goods/Services for each franchise program; (ix) combining and commingling Marketing Fees collected from TYG TRAINING franchisees with Marketing Fees collected from YARD GYM franchisees; and (x) utilizing common marketing materials that separately promote each franchise program without associating the two franchise programs together in public-facing marketing.

General Market For Your Products or Services and General Description of Competition.

The market for retail fitness is developed and highly competitive as new exercise concepts emerge. Your competitors may include other franchised and non-franchised strength and conditioning fitness programs that offer similar types of fitness classes that Network Gyms do, as well as exercise-specific studios featuring yoga or Pilates, larger-scale health clubs and gyms with different price-points and ranging from basic to luxury facilities, and personal fitness trainers. The availability of exercise videos and third-party applications for purchase and download are another potential source of competition.

Besides the specific type of exercise, prospective and existing clients base their choice of fitness classes on a variety of other factors including price, class times, location, convenience of access, instructor, and the availability of ancillary services like showers and other locker room facilities and childcare services.

In our experience, Network Gyms experience some changes in demand during certain periods of the year with higher demand immediately after each January 1 and slower demand during school holidays and summer vacation season.

Laws and Regulations.

Network Gyms are subject to federal and state laws specifically regulating health and fitness studios. Local laws may establish minimum health and safety standards, requirements for the sale of memberships, and requirements for contracts with consumers including refund conditions. Some state laws may require fitness studios that sell memberships to register with a state agency or post a bond. Other state laws may (i) require training to use and maintain safely equipment like automated external defibrillators and other first aid equipment and items; or (ii) require training and certification in cardiopulmonary resuscitation (CPR). Laws regulating fitness studios vary by jurisdiction.

In addition to laws that specifically apply to fitness facilities, Network Gyms are subject to laws and regulations affecting businesses generally. Among the laws that apply to businesses generally are those pertaining to zoning and construction; public accommodations; accessibility by persons with disabilities; health and safety requirements including the Occupational Safety and Health Act and state law counterparts; fire codes; environmental laws; smoking rules; labor laws; business licensing requirements; false advertising and other unfair business practices, and the USA Patriot Act and Executive Order 13224.

You are responsible for investigating and complying with all laws that will apply to your Franchised Gym and should consider their effect and cost of compliance.

Our Prior Experience.

Our CEO, Dan Bova, co-founded THE YARD GYM with his wife, Tiarne Bova, our Creative Director. Through our affiliate, The Yard Gym Pty, Ltd., they opened the first THE YARD GYM in a Sydney, Australia suburb on July 13, 2020 during the Covid-19 pandemic. We derive our experience from their experience. See additional information about our principals in Item 2.

ITEM 2

BUSINESS EXPERIENCE

Dan Bova – Managing Member, CEO.

In 2020, Dan Bova co-founded THE YARD GYM and TYG TRAINING fitness concepts with his wife, Tiarne Bova. Mr. Bova has worked in the fitness industry since 2012 when he set up his first fitness business offering bootcamp-style fitness franchises. In 2014, with partners, he acquired his first F45 franchise, a functional gym facility, in New South Wales Australia eventually adding two more franchise locations over the next 3 years also in New South Wales Australia. Mr. Bova served as head personal trainer for the F45 franchises and managed the three franchised outlets. Mr. Bova sold his interest in the F45 franchises in December, 2019, and through our affiliate, The Yard Gym Pty, Ltd., of which he is CEO, opened and operated the first THE YARD GYM in Australia on July 13, 2020. Mr. Bova organized our TYG Affiliate in 2021 and, under his leadership, as of the issuance date of this Disclosure Document, our TYG Affiliate has signed Franchise Agreements with 36 franchisees with 20 franchisee owned THE YARD GYM facilities for locations in Australia and New Zealand. Mr. Bova is responsible for our company's strategic expansion into the United States, marketing programs, fitness program development, uniform business systems and quality control programs; and financial control and business administration for both THE YARD GYM and TYG FITNESS brands.

Tiarne Bova – Managing Member and Creative Director.

Tiarne Bova co-founded THE YARD GYM fitness concept in 2020 with her husband, Dan Bova, and helped launch its franchise program in Australia. She serves as a managing member and Creative Director of our company, our TYG Affiliate, and our affiliate, The Yard Gym Pty, Ltd. She is responsible for the creative design, layout, aesthetics, and branding of THE YARD GYM and TYG TRAINING facilities and Branded Retail Merchandise. In June 2010, Ms. Bova co-founded the on-line fashion label, ZALIAH (https://zaliah.com.au/), which she continues to operate as CEO of Zaliah PTY LTD., an Australian limited liability company, which maintains its principal place of business in Caringbah, Australia.

Cory George – Global Head of Growth.

Cory George has served as our Global Head of Growth since October, 2023. He is responsible for managing our franchise programs in the U.S., including production innovation, and strategic growth of THE YARD GYM franchise program in the United States outside of the state of Illinois and the TYG FITNESS franchise program in the state of Illinois. Before joining our company, he was employed as the Global Ambassador/Athletics Director for F45 Training Incorporated from September, 2017, to September, 2023, based in West Hollywood, California. In this capacity, he was responsible for qualifying candidates and selling the F45 franchise; leading inductions and onboarding week for new F45 franchisees; heading athletic and performance workshops globally; hosting F45 community immersive events around the world; visiting F45 studios; securing and maintaining brand partnership; developing social media content; and overall global representation of the F45 brand. Mr. George is still based in West Hollywood, California.

Carl Giammarco – Head of Sales.

Carl Giammarco is our Head of Sales. He has been in that role since January 2024, and is based in Sydney, Australia. He is responsible for building, implementing and streamlining our U.S. and Australian sales teams, and he also sells THE YARD GYM franchises in Australia. Prior to joining our company, he was employed by Fitstop Australia from July 2023 through January 2024 in Brisbane, Australia. In this

capacity, he was responsible for creating the sales team and streamlining their sales process. From May 2014 to July 2023 he was employed by F45 Training Incorporated as their APAC Sales Manager, President of Sales North America and Global Head of Sales in both Los Angeles, California, and Austin, Texas. His duties for F45 included leading their sales teams, ensuring the sales teams met quarterly and annual revenue targets, developing their global roll out strategy, and building strategic partnerships.

Robert Deutsch – Director.

Robert Deutsch has been a director and shareholder of our Bova Parent since November 2023. He was a director, Secretary, Treasurer, Co-CEO, and co-founder of F45 Training Incorporated, the franchisor of the F45 fitness franchise program ("F45") from 2013 to February 2020, with headquarters in Los Angeles, California. During his tenure as Co-CEO, the F45 franchise network grew to over 1,500 studios worldwide. As Co-CEO, Mr. Deutsch was responsible for implementing F45's athletic training programs, and marketing and sales strategies. From the years indicated to February 2020, Mr. Deutsch also served as a director, Co-CEO, Secretary, and Treasurer of the following F45 affiliates each of which sold and administered F45 franchises in the countries/regions indicated: (1) F45 Training Canada Limited, a Canada limited partnership – Canada, from 2016; (2) F45 Training Asia Private Ltd., a Singapore limited partnership – Asia, from 2015; (3) F45 Training Pty. Ltd., an Australia limited partnership – Australia, New Zealand, the Pacific, from 2013; and (4) Functional 45 Training Limited, an Ireland limited partnership – Europe and the United Kingdom, from 2016. Mr. Deutsch also served as CEO and managing director of F45 Training Pty. Ltd. in Sydney, Australia from 2011 through February 2020, which developed the business model and prototype for the F45 fitness franchise program.

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

Initial Franchise Fee – Start-Up Franchisee.

The Initial Franchise Fee is $50,000 ("Initial Franchise Fee") for the first franchise that you buy.

If we mutually agree to enter into a second or additional Franchise Agreement for another THE YARD GYM franchise, we extend a progressive 5% discount off of the then-current Initial Franchise Fee that we are charging new THE YARD GYM franchisees in the United States buying their first franchise up to a maximum 20% discount, as shown in the following chart. If you own one or more TYG TRAINING franchises in Illinois when you purchase your first THE YARD GYM franchise, we will apply the percentage discount to the Initial Franchise Fee that you pay for your THE YARD GYM franchise.

Number of Existing Franchise Agreements Previously Entered Into By and Between You or Your Affiliate and Us	Percentage Discount
0	0
1	5%
2	10%
3	15%
4	20%
Each Franchise Agreement Above 4	20%

You are under no obligation to buy an additional franchise, and we are under no obligation to sell you an additional franchise. If we agree to sell you a new franchise, the Initial Franchise Fee that we may charge in the future may be higher than the amount that you pay for your first franchise.

The Initial Franchise Fee is payable in full when you sign the Franchise Agreement, less the amount of the Application Fee that you must pay us when you submit an application to buy THE YARD GYM franchise. The Initial Franchise Fee is fully earned when paid and no portion of it is refundable except under the conditions that we explain in this Item 5.

We determine the Initial Franchise Fee in a uniform matter for all THE YARD GYM franchisees in the United States. However, we may excuse or reduce the Initial Franchise Fee in individual cases in our discretion. For example, we may excuse or reduce the Initial Franchise Fee if we sell a franchise to friends and family members of our owners or members of our or our affiliates' management, or to a franchisee or an employee of a THE YARD GYM or TYG TRAINING gym anywhere in the world with at least two years management-level experience.

Initial Franchise Fee – Conversion Franchisee.

A conversion franchisee will pay an Initial Franchise Fee equal to 50% of our Initial Franchise Fee. Conversion franchisees also enjoy a progressive 5% discount off of 50% of the then-current Initial Franchise Fee if we agree to enter into a second or additional Franchise Agreement with the conversion franchisee even if, for the second or additional franchise, the conversion franchisee does not physically convert an existing fitness facility that they own and operate to a Franchised Gym and must identify a suitable location for the Approved Location of their second or additional franchise.

Initial Equipment Package

Once we approve the premises ("Approved Location") of your Franchised Gym, or, if you are a conversion franchisee, after you sign the Franchise Agreement, and before the Opening Date of your Franchised Gym, we will prepare a proposed layout and floor plan for a workout space and designate the initial equipment package that you must buy based on the size and configuration of the workout area and separate stretch area if the Approved Location is large enough to accommodate a separate stretch area. The initial equipment package will include the categories and types of fitness equipment that we list on **Exhibit L**. At this time, the initial equipment pack includes some fitness equipment including some cardio equipment (rowers and SkiErgs machines). Our standard configuration is for ten squat racks with sets of barbells, benches, weights, and accessories for each "rack." Our initial fitness equipment package also includes flooring consisting of rubber tiles, branded turf, and non-branded turf. Most of the fitness equipment in the initial package displays THE YARD GYM brand name.

The specific number of units of each category of fitness equipment that you will need does not vary significantly based on the total square footage of your Approved Location, which will range from 2,000 to 4,400 square feet. We will help you design the interior floor space of the Approved Location to accommodate the initial equipment package. Your expenses for branded floor tiles will depend on the size, walls, and interior floor space and whether walls are squared off or floor space is interrupted by columns or other structural impediments.

We will arrange with the designated third-party supplier of our fitness equipment to deliver the equipment package directly to your Franchised Gym before the Opening Date. We try to coordinate delivery with the completion of the construction and development of your Approved Location. However, you may incur additional expenses payable to third parties to store the equipment package off-site if the equipment package arrives before the Approved Location is ready for installation.

We estimate the cost of the initial equipment pack will fall within the following ranges according to the square footage of a Franchised Gym. These estimates include shipping costs, but exclude taxes, tariffs, and duties, which are pass-through expenses which you will either pay directly or reimburse us for. You must pay 100% of the cost of the initial equipment package plus estimated shipping costs when you place your order before the Opening Date.

	2,000 sq. ft.	4,400 sq. ft.	Comments
Startup Franchisee (assumes Approved Location is a standard configuration)	$112,500	$122,500	$122,500 includes cost of additional flooring for standard configuration Gym and 6 "cells." The low range of $112,500 is based on smaller size Gym and 5 "cells."
Conversion Franchisee	$112,500	$122,500	Assumes conversion franchisee buys cardio equipment.
Conversion Franchisee (already owns cardio equipment in good working order meeting minimum standards)	$102,500	$112,500	Assumes no need to purchase cardio equipment.
Each additional "cell" consisting of 2 squat racks with barbells, benches, weights, and accessories	N/A	$8,500	Depends on whether your Gym has room to accommodate additional "cells."

	2,000 sq. ft.	4,400 sq. ft.	Comments
Additional branded flooring (initial equipment package includes flooring for up to 2,900 sq. ft. based on a standard configuration Gym with squared walls and no structural impediments).	$5,000	$10,000	Assumes Gym is either a non-standard configuration or larger than 2,900 sq. ft.

These estimates reflect all purchases that you must make from us or our Affiliate for the initial equipment package. It excludes other required fitness equipment like treadmills and air bikes that you must buy from a designated or approved third party supplier when the Approved Location is in a geographic area that cannot accommodate outdoor running. See additional disclosures in Items 7.

Branded Retail Merchandise

Once we designate the Approved Location or, if you are a conversion franchisee, when you sign the Franchise Agreement, and before the Opening Date of your Franchised Gym you must purchase an initial inventory of Branded Retail Merchandise from us. Based on a prototype-size THE YARD GYM of 2,000 to 4,400 square feet, we anticipate the cost of an opening inventory will range from $5,000 to $10,000. Payment in full is due at the time of invoice. We will arrange to ship the Branded Retail Merchandise to your Franchised Gym and pass through shipping and delivery costs, which you must reimburse us for within 30 days of invoice. In the future, Branded Retail Merchandise may include nutritional supplements and beverages.

Interior Signs

You must purchase interior signs from us or our TYG Affiliate before the Opening Date so that the interior signs are installed by the Opening Date. The cost depends on the size of your Gym and whether you choose vinyl or backlit signs:

	2,000 sq. ft.	4,400 sq. ft.
Vinyl Signs	$2,000	$5,000
Backlit signs	$3,000	$7,000

Grand Opening Launch Fee and Ad Spend Fee

After you sign the lease and Addendum to Lease for your Franchised Gym, we will design a "launch campaign" for your Franchised Gym covering various marketing services that we will deliver during the initial launch period, which is the period until your Franchised Gym is ready to open for business, *i.e.*, until its Opening Date. We determine the length of each franchisee's launch campaign based on our estimate of the time that it should take a franchisee to complete construction and build-out, installation of the Initial Equipment Pack, initial staff hiring, and other tasks to ready their Franchised Gym for operation. Each franchisee's launch campaign will be a minimum of 8 weeks and a maximum of 16 weeks, for which we (i) charge a Grand Opening Launch Fee of $2,500 per 4 weeks to manage the franchisee's launch campaign; and (ii) collect a separate "Ad Spend" fee of $5,000 for every 4 weeks, which we use to purchase traditional and social media. We invoice each franchisee for the Grand Opening Launch Fee and Ad Spend Fee based on the duration of their launch campaign after they sign the lease and Addendum to Lease and before their Opening Date. Payment of the fees that we invoice you for is due and payable in full within 10 days after the date of the invoice.

As a result, depending on the length of your launch campaign, which we, alone, determine, you will pay us fees within the following ranges before the Opening Date of your Franchised Gym:

	8 Weeks – LOW	12 Weeks	16 Weeks – HIGH
Grand Opening Launch Fee	$5,000	$7,500	$7,500
Ad Spend Fee	$10,000	$15,000	$20,000
Total	$15,000	$22,500	$27,500

We cap the Grand Opening Launch Fee at 3 times $2,500, or $7,500, even if your launch campaign is longer than 12 weeks. However, you must still pay us for the minimum Ad Spend Fee of $5,000 per 4 weeks if your launch campaign is longer than 12 weeks. We prorate the amount of the Grand Opening Launch Fee and Ad Spend Fee that you pay us above the minimum of 8 weeks by the week, but not for periods of less than one week. Therefore, if we estimate that your launch campaign will be 12 weeks, but it turns out your launch campaign is only 10 weeks because you complete the pre-Opening Date duties and open your Franchised Gym in 10 weeks from our invoice date, we will credit you for 2 weeks of the Grand Opening Launch Fee ($1,250) and 2 weeks of the Ad Spend Fee ($2,500) and apply the credit ($3,750) to the Minimum Royalty Fee until exhausted.

The Grand Opening Launch Fee and Ad Spend Fee are not refundable except under the conditions that we describe in this Item 5. These fees apply equally to start-up and conversion franchisees.

The Grand Opening Launch Fee that you will pay us before the Opening Date will cover services that we will provide to create content for social and traditional media, and respond to and manage queries from prospective customers to publicize the opening of your Franchised Gym. We use the Ad Spend Fee to purchase advertising, marketing and promotion in social and traditional media to help generate initial membership and class sales. We will consult with you during the launch campaign period, but will retain authority to use Ad Spend Fee in our discretion to publicize the Gym to prospective customers in your Territory. Within 90 days after the Opening Date, in our discretion, we will provide you with an accounting or access to an accounting showing you how we used the Ad Spend Fees that you paid to us for your launch campaign.

Technology Fee.

After you sign the lease and an Addendum to Lease for your Franchised Gym, in exchange for your payment of the Technology Fee, we will help you set up an account with Mindbody, Inc. ("MBO"), the currently designated third party supplier of cloud-based software performing multiple functions including supporting a branded "THE YARD GYM" mobile application, online class and event scheduling, business and client management including data collection and reporting, and payment processing functions. We invoice you for the Technology Fee immediately after you sign the lease and an Addendum to Lease for your Franchised Gym. Your payment of the Technology Fee is accomplished by our debiting your designated bank account for $850/month (prorated for any partial month). After we invoice you for the first payment of the Technology Fee, you will debit your designated bank account for $850/month on the first day of the Calendar Month. In Item 11, we estimate that the typical length of time between when you sign the lease and Addendum to Lease and the Opening Date of a Franchised Gym is 3-6 months. For purposes of estimating the Technology Fees that you will pay us before the Opening Date, we use a low/high range of $2,550 (3 months X $850) to $5,100 (6 months X $850).

We collect Technology Fees from all franchisees as part of our master account and "single biller" arrangement with MBO and remit your MBO account fees to MBO on your behalf. In addition to supplying you with an MBO account, the Technology Fee covers our supplying your Franchised Gym with a dedicated subpage on our website; 3 email addresses for your management team; access to our password-protected intranet where we post training materials; access to lead management software to help you with local marketing; and an account with Twilio, an automated text messaging service (excluding SMS credit), with

which we also have a master account and "single biller" arrangement. The $850/month Technology Fee will increase if and as MBO and Twilio increase their fees to us. We also may increase the Technology Fee on January 1 of each Calendar Year by not more than 10% over the prior year's rate. Because you will begin paying the $850/month Technology Fee before the Opening Date, we disclose this obligation in Item 5. Other portions of the Technology Fee are payable beginning after the Opening Date, which we disclose in Item 6. See additional disclosures in Item 6.

Either before or after the Opening Date, you must pay us $10 per Calendar Month for each email address over the first 3 email addresses if you ask us to furnish you with more than 3 email addresses. Our estimate of your Technology Fees payable before the Opening Date assumes that you do not need more than 3 email addresses before the Opening Date.

See Items 7 and 11 for additional disclosures concerning other technology costs that you incur involving payments to third party providers for music and content management systems.

Site Approval Extension Fee.

If you are a start-up franchisee, you must use your best efforts to diligently complete the development and construction of the Approved Location, hire and train staff members, prepare your Franchised Gym for the Opening Date, and open your Franchised Gym for business to the public within 180 days from the date that you take possession of the Approved Location after signing the lease and "Addendum to Lease," which is a contract between you, us and the landlord of the proposed franchise premises in the form of **Exhibit D** that gives us the option to assume your lease if the Franchise Agreement expires or terminates for any reason. See Item 8. If, despite using your best efforts, the Opening Date is delayed due to (i) unforeseeable permitting or construction delays for reasons beyond your control; (ii) delays in delivering the initial equipment package for reasons beyond your control; or (iii) an event of Force Majeure, which we define in the Franchise Agreement as events beyond your reasonable control, you must pay us a non-refundable Opening Date extension fee of $750 for each 30 day extension until the actual Opening Date. We do not prorate the Opening Date extension fee if the actual extension period is less than 30 days.

If you are a conversion franchisee, you are expected to use your best efforts to complete the conversion requirements as expeditiously as possible. The Opening Date extension fee does not apply to a conversion franchisee.

Initial Franchise Fee - Refund Conditions.

If you are a start-up franchisee, either you or we may terminate the Franchise Agreement if, within 180 days following execution of the Franchise Agreement, you have not completed all of the following steps in the development process of your Franchised Gym: (i) obtained our written approval to a site for your Franchised Gym; and (ii) provided us with an executed copy of the lease and an Addendum to Lease in the form of **Exhibit D** to this Disclosure Document. If either one of us elects to terminate the Franchise Agreement for this reason, we will refund all but $5,000 of the Initial Franchise Fee. You must sign our form of general release (**Exhibit E**) as a condition to obtaining the refund.

Additionally, we will refund a prorated amount of the Grand Opening Launch Fee and Ad Spend Fee under the conditions that we disclose in this Item 5.

Otherwise, none of the initial fees that we describe in this Item 5 that are payable by a start-up or conversion franchisee are refundable.

ITEM 6

OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee (See Note 1)	The greater of (i) 7% of the Gross Revenue of the Franchised Gym; or (ii) $1,600 per Calendar Month prorated for any partial Calendar Month by the week.	Payable weekly (in an amount of $400 per week), starting from the Opening Date. Payment of the $400/week minimum is accomplished by our debiting your designated bank account on the 1st, 8th, 15th and 22nd day of each month. We will prorate any partial Calendar Month by the week, so that you will pay a full $400 for a partial week even if the first Calendar Month is less than 4 complete weeks.	We define Gross Revenue in the Franchise Agreement. We will perform a reconciliation by the 10th day of the following Calendar Month and notify you if 7% of the Gross Revenue of the Franchised Gym for the month exceeds the weekly fees that you have paid to us for the month. We will share this reconciliation with you and debit your designated operating account for the difference, if any, by the 15th day of each Calendar Month after the Opening Date. We may change the Accounting Period for payment periodically on 30 days prior written notice. Applicable to conversion franchisees only: for each Franchised Gym that a conversion franchisee owns, we excuse the conversion franchisees from paying Royalty Fees for the first 8 weeks after the Franchised Gym's Opening Date. We may increase the minimum Royalty Fee by up to 10% per year over the prior year's rate.
Marketing Fee (See Note 1)	The greater of (i) 2% of the Gross Revenue of the Franchised Gym; or (ii) $200 per Calendar Month prorated for any partial Calendar Month.	Payable monthly at the same time and in the same manner as the Royalty Fee.	See Item 11 for additional disclosures. Applicable to conversion franchisees only: for each Franchised Gym that a conversion franchisee owns, we excuse the conversion franchisees from paying Marketing Fees for the first 8 weeks after the Franchised Gym's Opening Date. We may increase the minimum Marketing Fee by up to 10% per year over the prior year's rate.
New fitness equipment, props, accessories, and replacement parts after the	According to the then-current price list and on the terms that we will publish in the Brand	Payment is payable in full when you place the order. We may change our	Payable to our TYG Affiliate until further notice.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
sale of the initial equipment package	Standards Manual. At this time, we currently estimate this cost will range between $117,500-$141,000.	payment terms at any time on no less than 30 days written notice.	See additional disclosures in Item 7.
Branded Retail Merchandise	According to the then-current price list and on the terms that we will publish in the Brand Standards Manual. At this time, we currently estimate this cost will range between $5,000 -$10,000.	Payment is payable in full when you place the order. We may change our payment terms at any time on no less than 30 days written notice.	Payable to our TYG Affiliate until further notice. See additional disclosures in Item 7.
Non-Compliance Fees (See Note 2)	Non-Compliance Fees range from $250 to $2,000 per infraction and are imposed if you fail to cure a deficiency by the deadline in our citation notice ("Citation Deadline").	We may debit your Security Deposit (if applicable) or sweep your operating account for the amount of the Non-Compliance Fee if you fail to correct the deficiency by the Citation Deadline.	We may increase each Non-Compliance Fee by up to 10% per year over the prior year's rate. Imposition of Non-Compliance Fees is not in lieu of our right to terminate the Franchise Agreement based on the same deficiency nor does our receipt of Non-Compliance Fees preclude us from seeking other remedies. We publish Non-Compliance Fees in the Brand Standards Manual.
Fee for Additional On-Site Training or Special Visit after the Opening Date	If you request additional training after the Opening Date or wish to qualify another person as a General Manager, you must pay us our then-current per diem training fee, which at this time is $500 per person per day (8 hours with no proration for a partial day) plus reimbursement of our reasonable travel costs to send one of our employees to your Franchised Gym if we provide additional training or make a special visit to your Franchised Gym after the Opening Date at your request.	Post-Opening training fees are payable in full before training begins. Reimbursement of our travel expenses is payable within 30 days of our invoice date. We do not prorate the per diem rate for less than a full day (8 hours) of training. If we provide additional training in your Franchised Gym, we charge for travel days before and after training if travel takes longer than two hours in each direction from our training staff member's home.	See Item 11 for additional information regarding our Operations training tracks. We may increase the daily training fee each year by up to 10% above the prior year's rate. This fee is imposed if you request additional training or support beyond our normal visits or we require remedial training. We charge a per diem training fee for any travel day involving more than 3 hours of travel each way to or from your Franchised Gym in addition to reimbursement of reasonable travel costs.
Service Charge for Insurance (See Note 3)	The cost of purchasing replacement insurance plus 25%.	Upon receipt of invoice.	The service charge is only payable if you fail to carry the insurance we require and if we decide to purchase the insurance coverage for you. We have no obligation to obtain coverage

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
			for you and may, instead, at our option terminate the Franchise Agreement based on your material breach.
Renewal Fee	$7,500	When you give notice of your exercise of the renewal option, at least 9 months, but not more than 12 months, before expiration of the current term.	See conditions of renewal in Item 17 and in the Franchise Agreement.
Transfer Fee	$10,000.	When you apply for our consent to a proposed Event of Transfer. "Event of Transfer" means any of the following: (i) the sale or assignment of the Franchise Agreement; (ii) the sale of securities requiring registration or a private placement offering memorandum under applicable law; (iii) the right to appoint a majority of the directors, officers or managers of a franchisee; or (iv) the offer to sell or sale of sufficient equity interests in Franchisee to result in a change of Control.	If we refuse to consent to the proposed Event of Transfer, we may keep up to $2,500 of the Transfer Fee to cover our expenses in reviewing the proposed transfer request. If we consent to the proposed Event of Transfer and exercise our right of first refusal, we may keep up to $2,500 of the Transfer Fee to cover our expenses in reviewing the proposed transfer request. If you own and transfer more than one franchise simultaneously to the same proposed transferee as part of the same transaction, the maximum transfer fee that you will pay is the sum of $10,000 for the first franchise; $5,000 per franchise for franchises 2 through 5; and $2,500 per franchise for each additional franchise over 5.
Transfer Fee - Qualified Transfers (See Note 4)	$2,500 per Qualified Transfer.	When you apply for our consent to a proposed Event of Transfer.	"Qualified Transfers" are changes in ownership amounting to less than a controlling interest or the transfer of the franchise or area development rights to a newly formed entity which you wholly own.
Audit	If an audit of your books and records shows an understatement of Gross Revenue for any period of any amount, you must pay us the full amount of the underpayment with interest and late charges.	30 days after we complete audit results.	If an audit of your books and records shows an understatement of Gross Revenue for any period of 3% or more, you must also reimburse us for the cost of conducting the audit (including our reasonable accounting, legal fees and travel expenses).

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Interest on Late Payments	1.5% per month per annum not to exceed the maximum legal rate of interest.	Interest accrues immediately after due date if you fail to pay full obligation. Late payment is a material default under the Franchise Agreement. By charging interest, we do not waive our right to terminate the Franchise Agreement on account of late payment.	Applies to all amounts payable to us under the Franchise Agreement. Interest is payable on the entire overdue amount beginning with the date payment is due until you pay the arrearage, late charge and interest in full.
Remedial Work to Correct Unhealthy or Unsafe Condition	Service charge equal to 25% of the cost of the remedial or corrective work if we elect to correct any unhealthy or unsafe condition at your Franchised Gym. Additionally, you must reimburse us for all of our actual direct costs in performing the work, including for labor, materials, travel, supervision and subcontractors.	Upon receipt of invoice.	We have no obligation to perform remedial work and may, instead, at our option terminate the Franchise Agreement based on your material breach of the obligation to operate in compliance with all laws and in a safe and sanitary manner.
Annual Meeting Registration Fee (Not yet required)	Up to $500/person	Before an annual meeting	When we reach sufficient size, we may conduct an annual meeting of THE YARD GYM and TYG TRAINING franchisees combined and charge a registration fee of up to $500 per person, which we may increase by up to 10% per year. Attendance of your Primary Owner is mandatory. Additionally, you must pay for all travel expenses for you and your employees and independent contractors who attend the annual meeting. We may conduct the annual meeting in any country in the world where we have two or more THE YARD GYM or TYG TRAINING franchisees.
Indemnification and Defense	All costs including attorneys' fees; amount will vary under the circumstances.	As we incur expenses and present them to you.	You must reimburse us for losses which we suffer resulting from the operation of your business. We may retain our own legal counsel. You must reimburse us for our legal and other professional expenses related to the claim.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Alternate Supplier Testing Fee	Based on our actual cost, but not to exceed $2,500 per request.	When you request approval of an alternate supplier	See Item 8
Mystery Shopper Fee (Not yet required) (See Note 5)	Based on actual costs which we estimate may be up to $100/month.	We may direct you to pay us the Mystery Shopper Fee which we will forward to the mystery shopper company or have you remit payment directly to the mystery shopper company according to the company's payment terms Payment to us is due within 10 days of invoice unless we indicate otherwise.	The amount of Mystery Shopper Fees depends on the charges which the mystery shopper company imposes and the frequency of mystery shopper visits. We invoice you periodically depending on whether the mystery shopper company's invoices indicate that the company made mystery shopper visits to your Franchised Gym during the invoice period. The mystery shopper company may increase its fee at any time. We may direct the mystery shopper company to increase the number of visits to your Franchised Gym if the location's mystery shopper scores indicating operating deficiencies or client relations problems in our judgment. We base our estimate of mystery shopper fees on the range of fees that mystery shopper companies charge at this time and the average number of mystery shopper visits we anticipate the mystery shopper company will make each year to each Network Gym in good standing. Actual mystery shopper fees will be higher in situations if a Franchised Gym requires multiple mystery shopper visits to correct poor scores. We may increase this fee each year by up to 10% above the prior year's rate.
Management Fee (See Note 6)	The then-current management fee that we publish in the Brand Standards Manual, which currently is 5% Gross Revenue. Additionally, you must reimburse us for our reasonable and direct overhead expenses to manage your business including salary for	Payable monthly for the same period as the Royalty Fee.	We may impose a Management Fee if we elect to manage your Franchised Gym after a death or permanent incapacity that results in a Change of Control. Payment of the Management Fee is in addition to payment of all other obligations and fees required to be paid to us under the Franchise Agreement

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
	employees, and pay us all continuing fees (e.g., Royalty Fees, Marketing Fees).		including Royalty Fees and Marketing Fees.
Relocation Fee	$1,500 per site evaluation	Payable only if you must relocate the Approved Location.	We may increase this fee each year by up to 10% above the prior year's rate.
Technology Fee (See Note 7)	In addition to the Technology Fee that we disclose in Item 5, you must pay us $10 per Calendar Month for each email address (over the first 3 email addresses) if you ask us to furnish you with more than 3 email addresses after the Opening Date.	Payable monthly at the same time and in the same manner as the Royalty Fee.	We may increase this fee on January 1 of each Calendar Year during the Term by not more than 10% over the prior year's rate.
Webmaster Fee for Hosting the Franchised Gym Subpage (Payable only if you request content changes. See additional disclosures in Item 11.)	If you request changes to the content on your Franchised Gym Subpage after its initial setup, we may charge a Webmaster Fee for the time that it takes our webmaster to input your changes according to the then-current hourly rate posted in the Brand Standards Manual, which currently is $100/hour.	Within 30 days after the date of our invoice.	We do not impose any fee to set up your Franchised Gym Subpage initially. We may increase the maximum monthly host fee by up to 10% per year over the prior year's rate.
Liquidated Damages	If termination occurs more than 36 months after the Opening Date, liquidated damages ("Liquidated Damages") shall be equal to the product of (i) the average monthly Royalty Fees paid, or that should have been paid, by Franchisee times (ii) 36 months. If termination occurs less than 36 months after the Opening Date, Liquidated Damages shall be equal to the product of (i) the average monthly Royalty Fees paid, or that should have been paid, by Franchisee during the period that the Franchised Gym was open; times (ii) 36 months. If termination occurs before the Opening Date, Liquidated Damages shall be equal to 2 x the Initial Franchise Fee.	Within 30 days following the date of termination.	Payable if you commit a default and we terminate your Franchise Agreement. See Item 17. The amount of Liquidated Damages shall not be reduced by any claims that you may have against us or our affiliates. Furthermore, the Liquidated Damages calculation shall not be affected by the fact that during the calculation period Royalty Fees may not have been paid or had been forgiven, setoff, or waived by us for any reason.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Security Deposit (See Note 8)	$5,000.	Payable immediately upon your failure to make or delay in making a payment due to us.	We will require payment of the Security Deposit only if you are late on any payment due to us.

The Following Notes Accompany the Item 6 Disclosures:

To Whom Payments Are Made: Except as indicated, you will make all payments to us.

Method of Payment: We collect most fees by way of a preauthorized bank deduction or EFT payment system. Under the Franchise Agreement, you must maintain a dedicated operating account with sufficient funds in the account so that we may debit the entire amount due to us for continuing fees. The terms of your agreement with your bank must include providing us with no less than 30 days' written notice before you or the bank may make any change to the operating account that would affect our ability to collect continuing fees through our EFT payment system.

On no less than 30 days' written notice, we may change the method for paying us Royalty Fees and Marketing Fees by requiring that you remit the Royalty Fees and Marketing Fees payable on each customer transaction at the time of the transaction. Thus, for example, if a customer spends $100 for a package of classes, your point-of-sale software would remit to us the $7.00 Royalty Fee and $2.00 Marketing Fee on the customer transaction. By the end of each month, we will reconcile all Royalty Fee and Marketing Fee payments to us during the prior month, and you must pay us the difference between the minimum amount owed to us and the amount actually paid to us during the relevant period, if any.

Refund Conditions: All payments that we describe in Item 6 are non-refundable except the transfer fee where we will refund all but $2,500 if we refuse to consent to a proposed transfer.

Uniformity: At this time, we impose continuing fees in a uniform manner. However, we retain discretion to reduce fees in individual cases in our discretion. We also reserve the right to change the type and amount of fees that new THE YARD GYM franchisees pay us.

NOTE 1. Gross Revenue. "Gross Revenue" means the aggregate of all revenue and income from operating your Franchised Gym, including membership and class enrollment fees, online purchases of class packages (whether or not redeemed), gift card sales (whether or not redeemed should we introduce gift cards), Branded Retail Merchandise sales, and fees for optional or approved services, whether payment is in cash, by credit card, or other generally accepted form of payment.

We exclude the following from Gross Revenue: (i) sales taxes and other taxes separately stated that you collect from clients and pay to taxing authorities; (ii) the value of services or merchandise bought by clients by redeeming membership benefits and authorized gift cards sold by your Franchised Gym; (iii) proceeds from isolated sales of trade fixtures having no material effect on ongoing operations; and (iv) tips paid by clients to employees and other independent contractors rendering services at your Franchised Gym.

You may apply for a credit against future Royalty Fees and Marketing Fees for the actual amount of Gross Revenue that you pay to a client in a bona fide refund transaction if: (i) you refund the Gross Revenue to the client within 15 days of the client's original payment; and (ii) you have reported the Gross Revenue to us and paid Royalty Fees and Marketing Fees on the Gross Revenue refunded to the client. To request the credit against future Royalty Fees and Marketing Fees, you must present us with appropriate documentation to verify the date and exact amount of the bona fide client refund transaction, the reason for the refund, and

any other information reasonably requested by us. We will not honor requests for a credit that do not comply with our policy.

You must spend at least 3% of Gross Revenue each calendar quarter on approved local marketing after your Franchised Gym opens. You will not pay us this amount; instead, you will pay miscellaneous third parties for expenses to implement approved local marketing. We may ask you to present us with written substantiation of your local marketing expenditures. If we determine that your actual expenditures on approved local marketing is less than 3% of Gross Revenue, you must promptly pay us the difference, plus an amount equal to 25% of the difference, which we will deposit into the Marketing Fund. Your failure to spend 3% of Gross Revenue on local marketing each calendar quarter during the term of the Franchise Agreement is a material breach of the Franchise Agreement.

We may change the accounting period for paying fees and reporting Gross Revenue and other financial results of your Franchised Gym or the method for paying and reporting all fees to us on 30 days written notice.

NOTE 2. Non-Compliance Fees. The Brand Standards Manual identifies certain duties where your failure to perform the duty may result in our assessing a Non-Compliance Fee if you fail to cure the infraction by the Citation Deadline specified in our citation notice. Our citation notice will provide you with sufficient details about the deficiency, any special conditions for completing the cure, and the Citation Deadline. The length of the cure period and the Citation Deadline that we set will be commercially reasonable in light of the nature of the underlying deficiency, but shall require that you give your immediate and continued attention to correcting the problem. The goal of Non-Compliance Fees is to provide you with an incentive to maintain best practices at all times in performing your duties under the Franchise Agreement. Examples of duties that may trigger the assessment of a Non-Compliance Fee include the failure to comply with minimum standards for cleanliness, health or safety; infractions of our brand standards; failure to present local marketing for approval before use; running unauthorized group classes or engaging in the sale of other unauthorized services, and other performance or operating deficiencies identified through an inspection, mystery shopper report, client, or third party complaints. Non-Compliance Fees range from $250 to $2,000 per infraction, and we may increase each Non-Compliance Fee once every 12 Calendar Months by an amount not to exceed 10% per year over the previous rate. We may also add new Non-Compliance Fees on no less than 30 days written notice through updates to the Brand Standards Manual. In no event will a new Non-Compliance Fee per infraction start at more than $2,000.

NOTE 3. Insurance. Item 8 describes our minimum insurance requirements.

NOTE 4. Transfer. The Franchise Agreement defines what events constitute an "Event of Transfer" and a "Qualified Transfer." See also Item 17.

NOTE 5. Mystery Shopper Fee. In the future, we plan to introduce a mystery shopper program using the services of an outside mystery shopper company that will perform regular mystery shopper visits to your Franchised Gym to provide you with critical feedback and insight into the effectiveness of your operations from a client's perspective. When we implement the program, you must participate in it. The mystery shopper program will supply us with benchmark data that will help us compare the performance of your Franchised Gym against local competitors and other Network Gyms and franchise owners and develop chain-wide benchmarks and competitive intelligence benefiting all Network Gyms. We may collect a Mystery Shopper Fee or, alternatively, at our option, have you pay the mystery shopper company's fees directly to the company.

NOTE 6. Management Fee. The death or permanent incapacity of one of your Primary Owners may result in a Change of Control and trigger an Event of Transfer that requires our prior written consent.

If, immediately after a death or permanent incapacity of a Primary Owner resulting in a Change of Control, your remaining management cannot demonstrate to our reasonable satisfaction that they can operate your Franchised Gym in accordance with the requirements of the Franchise Agreement, we may assume day-to-day management of your Franchised Gym for your account for up to 90 days during the interim period until they obtain our consent to an Event of Transfer. We will apply our "reasonable business judgment" to determine if your remaining management are capable of operating your Franchised Gym in accordance with the requirements of the Franchise Agreement to our reasonable satisfaction. We define "reasonable business judgment" in Section 22.8 of the Franchise Agreement.

Out of your Franchised Gym's cash flow, we may retain enough to pay ourselves the continuing fees under the Franchise Agreement, the Management Fee, and reimburse ourselves for our out-of-pocket expenses. Your obligation for these fees does not depend on your Franchised Gym having positive cash flow.

NOTE 7. Technology Fee. In exchange for paying us $850/month as part of the Technology Fee (as disclosed in Item 5), we will provide you with (i) 3 email accounts (designated as "Owner@," "Manager@," and "Front Desk@") linked to the Franchised Gym Subpage that we host on the TYG Website to facilitate your communications with clients; (ii) use of a secure cloud-based file sharing service facilitating the transfer of documents and information between us; (iii) access to our Network Portal where we post training materials; (iv) an account with MBO; (v) access to lead management software to help you with local marketing; and (vi) an account with Twilio.

For an additional fee of $10 per month per email address, we will provide additional email addresses for your Primary Owner, General Manager, and any other employees whom you designate that are linked to your Franchised Gym Subpage.

The Technology Fee will increase if and to the extent that MBO or Twilio increase their fees to us under our master account. We also may increase the Technology Fee on January 1 of each Calendar Year by no more than 10% over the prior year's rate without proration for any partial period on at least 30 days' prior written notice.

Excluded from the Technology Fee are costs that you may incur and pay to third parties for services like text messages, which typically range from $50-$200/month. The Technology Fee also excludes (i) costs for software provided by approved third party suppliers that we require you to use to play music during classes; and (ii) costs paid to us or approved third parties for optional technology support.

NOTE 8. Security Deposit. If you are late on any payment due to us, you must **additionally** pay us a refundable Security Deposit of $5,000 (the "Security Deposit"). The Security Deposit is non-interest-bearing and will be held by us as security for your future performance of all **future** obligations under the Franchise Agreement. The Security Deposit applies equally to start-up and conversion franchisees if there is a payment default. By charging the Security Deposit, we do not waive our right to enforce any other remedies that we may have arising from your default including terminating the Franchise Agreement in accordance with its terms. If we debit the Security Deposit, we will notify you in writing of the amount of the debit, and allow you 15 days in which to restore the Security Deposit to the full amount.

When the Franchise Agreement terminates or expires, we may apply any balance of the Security Deposit on hand to any outstanding amount that you owe to us at that time. We will refund the balance of the Security Deposit to you within 30 days after the expiration or termination of the Franchise Agreement. You must sign our form of general release (**Exhibit E**) as a condition to obtaining the refund.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Start-Up Franchisee				
Column 1	**Column 2**	**Column 3**	**Column 4**	**Column 5**
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment Is To Be Made**
Initial Franchise Fee (See Note 1)	$50,000	Immediately available funds when you sign the Franchise Agreement	In full when you sign the Franchise Agreement	Us
Training Expenses (See Note 2)	$1,000 to $5,000	As incurred	As required	Miscellaneous third parties or HQ
Real Estate Lease and Lease Security Deposit (See Note 3)	$24,000 to $280,000	As arranged	Before you get keys to Real Estate	Landlord
Initial Exercise Pack (See Note 4)	$112,500 to $122,500	Immediately available funds	As required	TYG Affiliate
Additional Fitness Equipment (See Note 4)	$3,000 to $9,000	As arranged	As required	Designated or approved third party suppliers
Professional Fees (attorney, accounting fees) (See Note 9)	$2,000 to $8,000	As arranged	As arranged	Third parties, including architects, lawyers and accountants
Leasehold improvements, fixtures, construction and remodeling costs, décor items, furnishings, décor and decorating costs, interior and exterior signs, architect and design fees for construction drawings (See Note 5)	$100,000 to $300,000	As required	As required	Third party suppliers
Opening inventory of Branded Retail Merchandise (See Note 6)	$5,000 to $10,000	Immediately available funds	As required	Designated exclusive third party supplier

Start-Up Franchisee				
Column 1	**Column 2**	**Column 3**	**Column 4**	**Column 5**
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment Is To Be Made**
Computer System Hardware and Other Business Equipment (See Note 7)	$20,000 to $25,000	As required	As required	Us; Apple or others
Security Deposits (excludes real estate deposit), utility deposits, business licenses, and other pre-paid expenses (See Note 8)	$1,000 to $5,000	As arranged	As arranged	Suppliers; Government Agencies; Utility Companies
Grand Opening Launch Marketing (See Note 10)	$15,000 to $27,500	As arranged	As arranged	Us.
Insurance (See Note 11)	$2,000 to $5,000	As arranged	As arranged	Miscellaneous third parties
Music Licensing (See Note 12)	$500 to $2,000	As arranged	As arranged	Miscellaneous third parties including BMI and ASCAP
Technology Fees (See Note 13)	$2,550 to $5,100	As arranged	As arranged	Us.
Additional Funds (Initial period begins with date of Franchise Agreement and ends 3 months after Opening Date; excludes rent which we include in the Real Estate Lease line item) (See Note 14)	$60,000 to $100,000	As arranged	As arranged	Miscellaneous third parties
TOTAL	**$398,550 – $954,100**	As arranged	As arranged	To multiple

Conversion Franchisee				
Column 1	**Column 2**	**Column 3**	**Column 4**	**Column 5**
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment Is To Be Made**
Initial Franchise Fee (See Note 1)	$25,000	Immediately available funds when you sign the Franchise Agreement	In full when you sign the Franchise Agreement	Us
Training Expenses (See Note 2)	$1,000 to $5,000	As incurred	As required	Miscellaneous third parties
Real Estate Lease and Lease Security Deposit (See Note 3)	$0	As arranged	As required	Landlord
Initial Exercise Pack (See Note 4)	$102,500 to $122,500	Immediately available funds	Payable in full when you sign the Franchise Agreement.	TYG Affiliate
Additional Fitness Equipment (See Note 4)	$3,000 to $9,000	As arranged	As required	Designated or approved third party suppliers
Professional Fees (attorney, accounting fees) (See Note 9)	$2,000 to $8,000	As arranged	As arranged	Third parties, including architects, lawyers and accountants
Leasehold improvements, fixtures, construction and remodeling costs, décor items, furnishings, décor and decorating costs, interior and exterior signs, architect or design fees including cost to prepare construction drawings (See Note 5)	$50,000 to $250,000	As required	As required	Third party suppliers
Opening inventory of Branded Retail Merchandise (See Note 6)	$5,000 to $10,000	Immediately available funds	Before the Opening Date	TYG Affiliate
Computer System Hardware and Other Business Equipment (See Note 7)	$20,000 to $25,000	As required	As required	Apple or other third parties

Conversion Franchisee				
Column 1	**Column 2**	**Column 3**	**Column 4**	**Column 5**
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment Is To Be Made**
Security Deposits (excludes real estate deposit), utility deposits, business licenses, and other pre-paid expenses (See Note 8)	$0	As arranged	As arranged	Suppliers; Government Agencies; Utility Companies
Grand Opening Launch Marketing (See Note 10)	$15,000 to $27,500	As Arranged	Before the Opening Date	Us.
Insurance (See Note 11)	$0	As arranged	As arranged	Miscellaneous third parties
Music Licensing (See Note 12)	$500 to $2,000	As arranged	As arranged	Miscellaneous third parties including BMI and ASCAP
Technology Fees (See Note 13)	$2,550 to $5,100	As arranged	As arranged	Us.
Additional Funds (Initial period begins with date of Franchise Agreement and ends 3 months after Opening Date) (See Note 14)	$10,000 to $50,000	As arranged	As arranged	Miscellaneous third parties
TOTAL	**$236,550 - $539,100**	As arranged	As arranged	To multiple

THE FOLLOWING NOTES ACCOMPANY THE ITEM 7 CHART

General Remarks About Item 7: Item 7 explains your likely initial investment to open and begin operating a Franchised Gym during the initial period. The initial period begins with the date of the Franchise Agreement and ends 3 months after the Opening Date.

We present a separate initial investment chart for conversion franchisees because a conversion franchisee will own and be operating a strength and conditioning gym that we believe is suitably adaptable to a Network Gym when they sign the Franchise Agreement. Therefore, a conversion franchisee will not need to incur some of the initial investment expenses that a non-conversion (i.e., "Start-Up") franchisee will incur. The initial investment chart estimates a conversion franchisee's incremental expenses during the initial period to convert their existing gym facility to a Franchised Gym. We include our assumptions

regarding a conversion franchisee's likely incremental costs in these notes. For example, we assume that a conversion franchisee will not have any incremental real estate costs to convert their gym to a Franchised Gym because they will have signed a lease before purchasing the franchise. If an Item 7 note does not discuss specific assumptions applicable to a conversion franchisee, we believe a conversion franchisee's initial investment expense will be comparable to a start-up franchisee's initial investment expense.

The low/high figures in both charts are based on a Franchised Gym that ranges in size between 2,000 to 4,400 square feet. Consequently, the low estimates assume a 2,000 square foot Franchised Gym, and the high estimates assume a 4,400 square foot Franchised Gym.

These notes are an integral part of Item 7. They provide additional details about each expense category and the variables and assumptions that may influence the low and high initial investment estimates.

Refund Conditions. The Initial Franchise Fee is refundable under the conditions that we explain in Item 5. The security deposit that you pay to the landlord for the premises lease may be refundable at the end of the lease under the conditions in the applicable lease. Otherwise, none of the initial investment payments are refundable unless you negotiate for refund terms with the third-party vendor or supplier. We make no representation regarding your ability to obtain refund terms with third parties with which you deal in establishing your Franchised Gym.

NOTE 1. Initial Franchise Fee. The amount shown in the chart for the Initial Franchise Fee is for your first Franchised Gym and is if you do not qualify for a discounted Initial Franchise Fee under the conditions explained in Item 5.

NOTE 2. Initial Training. The low range of $100 assumes that 2 individuals, your Primary Owner and one more person who you want to qualify as a General Manager, attend the Business Operations and Coach Training modules of the initial training program before the Opening Date and reside close enough to the San Diego, California Network Gyms where (until further notice) we intend to conduct these modules so that you may drive daily to one of the San Diego Network Gyms and therefore have no expenses for airfare, car rental, hotel, or other significant travel costs besides the cost of gas. The high estimate of $5,000 assumes that the same 2 individuals attend both modules, but will incur airfare, car rental, hotel, and other travel costs and room and board expenses to travel to San Diego, California.

In addition to being responsible for travel expenses for those who attend our initial training program on your behalf, you are responsible for paying salaries to employees while they attend training. No allowance is made for payment of salary to your Primary Owner during the initial phase of operations (i.e., from the date that you sign the Franchise Agreement through the end of the first 3 months after the Opening Date).

NOTE 3. Real Estate.

Assumptions for Start-Up Franchisees: Item 7 assumes that you lease space for your Franchised Gym from a third-party landlord and do not acquire the real estate. You must adjust the Item 7 estimates if we approve premises for your Franchised Gym that is in a building that you buy or already own.

Rental costs per square foot for commercial retail space vary considerably by geographic market (population density, demographic conditions, desirability and demand for space influence actual rent); physical size and conditions; type of retail space; the location's placement in a larger retail complex; prevailing market and economic conditions; and prior use of the space. In addition to rent, landlords also vary in their policy regarding the number of months' rent that they require as a security deposit, which will also affect your real estate expenses during the initial period. You should expect to pay at least one month

rent, and could pay as many as 4 months' rent, as a security deposit. The lease may require you to pay a separate monthly common area maintenance fee in addition to rent.

Depending on vacancy rates, prevailing economic conditions, a desire to attract tenants to a new project, and competition, landlords may offer free rent, tenant improvement allowances and other incentives. Some landlords will agree to defer the rent commencement date for some time period after you receive possession and during the build-out phase. We cannot guaranty that you will be able to negotiate a tenant improvement allowance or other favorable lease terms, including rent deferrals, and make no allowance for these benefits in disclosing initial investment real estate costs.

The low/high ranges for this line item are based on the assumptions in the following chart, which reflect the experience of our San Diego, California franchisees. We show the total for the security deposit and rent paid during the initial period (before and for the first 3 months after the Opening Date) in this line item.

	A	B	C	D	E
	Rent Per Month	**Security Deposit**	**Rent Paid Before Opening Date**	**Rent Paid After Opening Date**	**Total Columns B + C + D**
Low Estimate – 2,000 square feet	$4,000	1 month rent = $4,000	1 month rent = $4,000	3 months' rent = $12,000	$24,000
High Estimate – 4,400 square feet	$20,000	4 months' rent = $80,000	6 months' rent = $120,000	3 months' rent = $60,000	$280,000

You are responsible for investigating real estate costs in the market area where you plan to open a Franchised Gym.

Assumptions for Conversion Franchisees: As noted, we exclude real estate costs from the conversion franchisee chart because a conversion franchisee will already have a lease and have paid these expenses. Therefore, the lease security deposit and rent paid during the initial period are not incremental costs that a conversion franchisee will incur to open and begin operating a Franchised Gym.

NOTE 4. Initial Exercise Pack. The row "Initial Equipment Package" reflects the information in Item 5 for a standard configuration Gym. The row "Additional Fitness Equipment" reflects the cost of additional required fitness equipment like treadmills that a Franchisee must buy from a designated or approved third party supplier when the Approved Location is in an area that cannot accommodate outdoor running. The Initial Equipment Pack does not include air bikes. The category, Additional Equipment, estimates $3,000 (excluding costs for shipping and handling, which you must pay) to purchase the air bikes that you will need from designated or approved third party suppliers.

NOTE 5. Leasehold Improvements, Fixtures, Construction and Remodeling Costs, Décor Items, Furnishings, Decorating Costs and Signs; Architect and Design Fees to Prepare Construction Drawings.

Assumptions for Start-Up Franchisees: The low estimate assumes that the space you lease was previously used as an exercise or fitness studio requiring minimal remodeling to convert it to a Franchised Gym, while the high estimate assumes that you take possession of an empty shell or space used for a completely unrelated purpose and requires complete remodeling.

Construction, remodeling and leasehold improvement costs include expenses to conform the approved space to our comprehensive specifications for lighting, flooring, mechanical systems, electrical systems, plumbing, carpentry, wall and ceiling treatments, doors and hardware, painting, HVAC systems, storage areas, installation of an integrated security system, and other improvements to develop the physical

premises into a Franchised Gym meeting our specifications. Actual costs of construction, remodeling, leasehold improvements, décor items, furnishings, decorations and interior and exterior signs will depend on the size, pre-existing condition, location and previous use of the approved site, applicable local building codes, health codes, prevailing economic conditions and the need to use union labor which is generally more expensive than non-union labor. The low estimate assumes that the approved site was previously used as a fitness facility. The high estimate assumes the approved site is a "vanilla box," i.e., the interior condition of a new or existing building or suite that has been prepped with heating/cooling delivery systems, lighting, electrical switches and outlets, a finished ceiling, walls that are prepped for painting, plumbing and other utilities to stub, and a concrete slab floor. The low and high estimates include an allowance for architect or design fees to prepare construction drawings.

Fixtures, furnishings and décor items include a front desk, locker area, lounge furniture, sound system and video screens, and installation of televisions in the workout area. Fixtures and other fixed assets include all custom-made millwork, cabinetry and shelving, lighting, flooring, and build-out of two separate locker rooms and shower facilities with a minimum of two restrooms and sinks per locker room. Leasehold improvements include interior and exterior signs.

This category excludes costs associated with the preparation of design and construction documents, architectural fees, and building permits, which we account for separately.

Assumptions for Conversion Franchisees: A conversion franchisee will completely remodel their existing gym facility to convert it to the design and appearance requirements of a Franchised Gym.

NOTE 6. Branded Retail Merchandise - Opening Inventory. See Item 5.

You must purchase from our TYG Affiliate a sufficient inventory of Branded Retail Merchandise for resale to clients of your Franchised Gym who complete their transactions at your Franchised Gym and enough branded t-shirts for your employees to wear at work. The low/high estimates cover just your initial opening inventory costs; we include expenses to replenish Branded Retail Merchandise inventory after the Opening Date and through the end of the initial period (i.e., 3 months after the Opening Date) under Additional Funds. Your inventory needs will vary substantially according to the size of your Franchised Gym and initial client volume. Based on our experience in Australia, some franchisees focus on merchandise sales more than others. It is also possible that a franchisee that spends $5,000 for an initial order of Branded Retail Merchandise before the Opening Date may spend more on reorders during the initial period than a franchisee that spends $10,000 for an initial order of Branded Retail Merchandise before the Opening Date. The assumptions for start-up and conversion franchisees are the same.

NOTE 7. Computer System Hardware, and Other Business Equipment. Since Technology Fees are payable to us after the Opening Date, we include them in Additional Funds. See Item 6 for disclosures about the Technology Fees paid to us.

Assumptions for Start-Up and Conversion Franchisees Regarding Computer Hardware and Other Business Equipment: See Item 11 disclosures regarding the Computer System. We assume that a conversion franchisee has the same costs for this category as a start-up franchisee. We estimate that you will spend between $20,000 - $25,000 to purchase additional computer and business equipment, which we describe in Item 11. Besides the computer equipment (hardware, printers, non-proprietary software, internet router), this category also basic supplies like paper and general office supplies; five Apple TV systems (each having a 256GB capacity); six 65-inch Kogan televisions; a music system; one Apple iPhone (with a 256GB capacity); one washing machine; one dryer; one vacuum cleaner; a POS terminal; heart rate hardware and monitors purchased from Myzone; and recovery equipment, including massage guns, roller balls and mats, and Pilates mats.

NOTE 8. Security Deposits (Excluding Real Estate Deposit), Utility Deposits, Business Licenses, and Other Pre-Paid Expenses.

Assumptions for Start-Up Franchisees: This category includes business license fees and an allowance for other pre-paid expenses that some suppliers may require. The high estimate includes an allowance for a utility company deposit which some utility companies may require to activate service (e.g., electric, telephone, Internet, gas, and water). The amount of the deposit and whether the deposit is refundable will vary by provider. This category also includes a low/high estimate for building and occupancy permits. The permitting process and attendant costs can vary significantly by local jurisdiction.

Assumptions for Start-Up Franchisees: We assume a conversion franchisee has incurred the expenses in this category to open and begin operating their existing gym. Therefore, we do not consider these to be incremental expenses that a conversion franchisee will likely incur to open and begin operating a Franchised Gym.

NOTE 9. Professional Fees.

Assumptions for Start-Up Franchisees: Professional fees include expenses that you may incur before the Opening Date for legal and accounting services. You may require an accountant and an attorney to provide services with the formation of a new business entity to own the franchise and review contracts, including this Disclosure Document, the Franchise Agreement and premises lease.

Assumptions for Conversion Franchisees: The low estimate assumes that a conversion franchisee is a business entity that has previously signed a lease and therefore its incremental expenses for professional fees will be lower than a Start-Up franchisee's expenses for this category. The high estimate assumes that a conversion franchisee incurs comparable fees as a Start-Up franchisee for legal and accounting services to review this Disclosure Document, the Franchise Agreement, and the Addendum to Lease.

NOTE 10. Grand Opening Launch. See Item 5.

Assumptions for Start-Up Franchisees: See Item 5.

Assumptions for Conversion Franchisees: See Item 5.

NOTE 11. Insurance.

Assumptions for Start-Up Franchisees: Insurance costs vary according to your insurability and the location of your Franchised Gym. The high estimate assumes that you pay your entire annual premium for all required insurance in advance and the low estimate includes premiums for required insurance through the end of the first 3 months after the Opening Date. We make no representation that the minimum coverage that we specify will be sufficient for your business.

Assumptions for Conversion Franchisees: We assume that a conversion franchisee's incremental expenses for insurance will be less than a Start-Up franchisee's expenses because the conversion franchisee will have at least some insurance coverage for their existing gym in place before buying the franchise.

NOTE 12. Music Licensing.

Because music licensing fees will be incurred before the Opening Date, as you will need to have music on the Opening Date, these music licensing fees are listed as a separate line item. The amount that you will pay for music licensing fees will depend on the size of your Franchised Gym and how many classes you

run. Depending on the music licensing company, you may pay fees monthly or annually. You will be required to renew these licenses annually. The line item above covers the first year of music licensing fees, and shows the estimated annual fees.

NOTE 13. Technology Fee.

The amount disclosed reflects the range of Technology Fees payable to us before the Opening Date, as disclosed in Item 5. The Additional Funds category includes Technology Fees paid to us during the first 3 months of operations.

NOTE 14. Additional Funds – Initial Period.

Assumptions for Start-Up Franchisees: These estimates are for a Franchisee's first Franchised Gym. If you own more than one Franchised Gym, you may realize some economies of scale that will lower the Additional Funds that you will need per Franchised Gym. For example, you may be able to hire one employee to perform administrative and marketing duties for all of your Franchised Gyms.

This category includes a low/high estimate of the operating expenses that you are likely to incur during the first 3 months after the Opening Date, like costs to replenish Branded Retail Merchandise inventory; costs for office supplies, janitorial supplies and janitorial services; expenses for telephones, Internet connections, and ongoing utility costs; and routine equipment maintenance.

The category of Additional Funds also includes speakers, microphones and other electronics accessories for the iPad-based sound system, music subscription fees, and the cost of wall-mounted television monitors.

This category also includes an estimate of the working capital you will need for the initial period. The working capital estimate will vary greatly from one franchisee to the next based on a variety of factors including membership and class package sales during the period before and the first 3 months after the Opening Daste; the number of instructors that you choose to hire or engage initially and the fees, salary and other benefits you choose to pay them; the extent that your Primary Owner and General Manager will be actively involved in teaching classes; your past business ownership experience, business acumen and credit-rating; local competition; local economic conditions, including rent and wage scales; and the actual Gross Revenue from operations that you reach during the initial 3 month period after the Opening Date. Working capital needs are in addition to cash flow from operations. We cannot estimate your cash flow from operations.

The Additional Funds low/high amounts exclude fees and payments that are based on a percentage of your Gross Revenue like Royalty Fees and Marketing Fees that you pay to us, and the minimum 3% of your Gross Revenue that you spend on local marketing since the amounts that you pay or spend will depend on your actual Gross Revenue, which we cannot estimate. You should allow for fees and payments that are based on a percentage of your Gross Revenue in your own calculations of working capital requirements during the initial period. The Additional Funds low/high amounts assume that you do not make any of the following payments to us described in Item 6 during the initial three months after the Opening Date: payments for additional training; service fees for insurance or remedial work; alternative supplier testing fee; management fees; or a relocation fee.

The Additional Funds low/high amounts include $2,130 for Technology Fees paid to us during the first 3 months of operations.

The Additional Funds category includes an allowance for payroll expenses for your opening employees and fees to instructors who work as independent contractors, but does not include an allowance for a draw or

salary to you or other owners of the franchise during the period before the Opening Date or during the first 3 months of operations. The low/high estimates assume 3 trainers at 33 hours per trainer per week during the first 3 months of operation.

The Additional Funds category does not include an allowance for any Site Approval Extension Fees that would be payable under the conditions that we explain in Item 5 and assumes that you do not pay us a Security Deposit during the first 3 months of operations.

The Additional Funds category does not include any allowance for payments made to a bank or financing company on any loan that you may obtain to finance initial investment expenses. We do not arrange for financing and you must investigate financing options on your own. The Additional Funds category also does not include any allowance for taxes attributable to business operations.

Assumptions for Conversion Franchisees: The low and high estimates assume that a conversion franchisee will not have incremental (additional) payroll expenses for opening employees or fees to instructors who work as independent contractors to convert an existing gym to a Franchised Gym. Additionally, the low estimate assumes that a conversion franchisee's existing gym has a suitable sound system, security cameras, and television monitors and the conversion franchisee will not incur incremental expenses for these items.

Summary: All figures in Item 7 are estimates only. You should have additional funds available in reserve, either in cash or through a bank line of credit, or have other assets which you may liquidate or against which you may borrow, to cover other expenses, losses or unanticipated events during the start-up and development stage or beyond. In estimating what your initial investment expenses will be, you should allow for inflation, discretionary expenditures, fluctuating interest rates and other financing costs, increased operating expenses, and local market conditions, all of which are highly variable and can result in sudden and unexpected increases in costs. You must bear all cost escalations and budget for these contingencies. We rely on the experience of our San Diego licensees and our TYG Affiliate in Australia in developing, opening and operating Network Gyms.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

General Comments.

In operating your Franchised Gym, you must adhere to our comprehensive business methods, standards, policies and specifications comprising the System. We identify these specifications and requirements in the Brand Standards Manual in a number of different ways including by (i) designating the specific fitness equipment and Branded Retail Merchandise that you must or may use or sell; (ii) providing layout, design, trade dress, and appearance specifications; (iii) setting minimum standards for group fitness classes; (iv) establishing operating systems and procedures for Network Gyms; (v) identifying mandatory and recommended suppliers; (vi) establishing marketing and brand awareness programs that identify your Franchised Gym as part of our collection of Network Gyms around the world; (vii) establishing operating requirements that promote the aesthetic image and high-energy and community atmosphere of Network Gyms; and (viii) setting minimum client service standards.

These specifications and requirements promote uniformity across Network Gyms owned by different THE YARD GYM franchisees, ensure consistency in the quality of the products and services that Network Gyms offer their clients and advertise to the public, and strengthen confidence in THE YARD GYM brand name. During the term of your Franchise Agreement, we may modify the System as frequently as we believe is in the best interest of our company and Network Gyms generally to keep our brand relevant and competitive. We will reflect these modifications in updates to the Brand Standards Manual. We will notify you of all changes to the Brand Standards Manual by written or electronic bulletins or other announcements or supplements to the Brand Standards Manual, and you must adapt all changes at your expense within the time that we allow, which will be a commercially reasonable amount of time in light of the circumstances for and scope of the change. We cannot forecast your future costs to implement the System changes that we make. You are responsible for staying abreast of the current content in the Brand Standards Manual.

We estimate that the proportion of required purchases and leases of goods and services for which we identify minimum specifications to all purchases and leases that you will make of goods and services to (i) establish and open your Franchised Gym, and (ii) operate your Franchised Gym is, in each case, approximately 80%.

Designated Goods/Services.

We identify Designated Goods/Services in the Brand Standards Manual. As noted in Item 1, "Designated Goods/Services" is a broad category that refers collectively to goods or services that bear the Licensed Marks, are created for us according to our specifications, or for which we designate a mandatory supplier. At this time, Designated Goods/Services consist of (i) the initial equipment initial package and replacement items; (ii) Branded Retail Merchandise; and (iii) interior signs. We are the exclusive supplier of Designated Goods/Services and will derive revenue from the sale of our Designated Goods/Services to our franchisees.

We may add to, or delete from, the list of Designated Goods/Services at any time through changes to the Brand Standards Manual or other forms of written or electronic communication and allow you a reasonable amount of time to implement the change. If we expand the list of Designated Goods/Services, we may designate ourselves or our affiliates as the exclusive supplier or as a recommended supplier.

In the following chart, we estimate that the cost of the different categories of Designated Goods/Services as a percentage of your total initial investment during the initial period (Item 7) and your regular monthly operating expenses:

Category	Supplier	Start-Up Franchisee Cost as a % of low/high Item 7 initial investment	Start-Up Franchisee Cost as a % of monthly operating expenses	Conversion Franchisee Cost as a % of low/high Item 7 initial investment	Conversion Franchisee Cost as a % of your monthly operating expenses
Fitness equipment (exercise machines and equipment, mats, props and accessories) (mandatory)	Us	20% or less	Under 5%	20% or less	Under 5%
Branded Retail Merchandise (mandatory)	Us	5% or less	< 5%	< 5%	< 5%
Interior Signs	Us	5% or less	< 5%	< 5%	< 5%
MBO Software (part of the Technology Fee)	Us	5% or less	< 2%	< 5%	< 2%

Based on our audited financial statements for our fiscal year ending June 30, 2024 (**Exhibit I**), we received no revenue from sales of Designated Goods/Services to THE YARD GYM franchisees. No affiliate of ours received any revenue on account of transactions completed by THE YARD GYM franchisees in the United States involving Designated Goods/Services.

We began offering TYG TRAINING franchises after the end of our most recent fiscal year (June 30, 2024). Consequently, during our most recent fiscal year, neither we nor our affiliates received any revenue on account of sales of Designated Goods/Services to TYG TRAINING franchisees.

The supplier of the fitness equipment in the equipment package that we sell to you gives us and our affiliates a 10% discount on the cost of equipment that we buy for TYG TRAINING or THE YARD GYM facilities that we own or our affiliates own.

Non-Designated Goods/Services.

Besides Designated Goods/Services, we classify all of the other equipment, fixtures, furnishings, supplies, signs, and other merchandise that you may, or must, use, offer or sell in operating your Franchised Gym that are not Designated Goods/Services as "Non-Designated Goods/Services." We provide specifications for Non-Designated Goods/Services in the Brand Standards Manual. In some cases, specifications may be supplied by brand name.

You may purchase or lease Non-Designated Goods/Services from any recommended or approved supplier. At this time, neither we nor any affiliate of ours is a recommended supplier of any Non-Designated Goods/Services. If we designate ourselves or an affiliate of ours as a recommended supplier of Non-Designated Goods/Services in the future, we may derive revenue on account of your transactions with us

or our affiliate. We may also derive revenue on account of your purchases of Non-Designated Goods/Services from third party suppliers whom we recommend.

Based on our audited financial statements for our fiscal year ending June 30, 2024 (**Exhibit I**), we did not receive any revenue from sales of Non-Designated Goods/Services to THE YARD GYM franchisees. During the same period, no affiliate of ours received any revenue from sales of Non-Designated Goods/Services to THE YARD GYM franchisees. As noted, because we began offering TYG TRAINING franchises after the end of our most recent fiscal year (June 30, 2024), during our most recent fiscal year, neither we nor our affiliates received any revenue on account of sales of Designated Goods/Services to TYG TRAINING franchisees. In the future, we or an affiliate of ours may derive revenue on account of our or their direct sale of Non-Designated Goods/Services to franchisees of THE YARD GYM and TYG TRAINING franchise programs in the United States or on account of transactions by THE YARD GYM and TYG TRAINING franchisees in the United States and third-party suppliers that we recommended. As we note, in the future, we or our affiliates may be a recommended supplier of Non-Designated Goods/Services.

Except as we disclose in this Item 8, we also have no arrangements in place at this time with any designated, recommended or approved suppliers to make payments or provide material benefits to us on account of-transactions with TYG TRAINING or THE YARD GYM franchisees. However, in the future, we may arrange with designated, recommended or approved suppliers to pay us revenue or non-cash benefits on account of their transactions with TYG TRAINING or THE YARD GYM franchisees. We have no obligation to notify you of these arrangements in advance or obtain your prior consent. We may condition our approval of a particular third party supplier on their willingness to pay us revenue or non-cash benefits on account of their transactions with TYG TRAINING or THE YARD GYM franchisees.

Purchasing Arrangements.

We have purchasing arrangements in place at this time for the Designated Good/Services that we will sell to you.

We also have purchasing arrangements in place with MBO as we disclose in Item 6, and with the optional third-party Bookkeeping Service provider that you may use.

In the future, we may negotiate special purchasing arrangements with recommended third-party suppliers of Non-Designated Goods/Services or new Designated Goods/Services. These arrangements may include price discounts based on the collective volume of purchases by all THE YARD GYM and TYG TRAINING franchisees in the United States or worldwide. We make no representation about our ability to secure certain prices, payment or credit terms, or delivery conditions.

There are no purchasing or distribution cooperatives in existence at this time in the United States.

Alternative Suppliers – Approval Process.

We may recommend one or more suppliers for each item of Non-Designated Goods/Services that you must use to operate your Franchised Gym. We identify current recommended suppliers of Non-Designated Goods/Services in the Brand Standards Manual and may revise the list of recommended suppliers periodically. While neither we nor any affiliate of ours is currently a recommended supplier of any Non-Designated Goods/Services, we may be included in a list of recommended suppliers in the future.

If you wish to purchase or lease any Non-Designated Goods/Services from a supplier who is not pre-approved by us, you must request our approval in writing before you may use or buy the Non-

Designated Goods/Services. The Brand Standards Manual explains the procedures you must follow to apply for our approval. In some cases, we may ask you to submit samples or information about the supplier so that we can make an informed decision about whether the products, services, equipment, fixtures, furnishings, signs, inventory or supplies, and proposed supplier meet our specifications and quality standards. In evaluating a supplier that you propose to us, we consider not only the quality of the particular Non-Designated Goods/Services, but the supplier's production and delivery capability, overall business reputation and financial condition. We may inspect a proposed supplier's facilities and test its products and charge a testing fee based on our actual cost not to exceed $2,500 per request.

We will notify you in writing within 30 days after we receive all supporting information from you and complete our inspection or testing to advise you if we approve the proposed item and/or supplier. However, our failure to send you written notice by the end of 30 days signifies that we disapprove the proposed item and/or supplier. Each supplier that we approve must comply with our usual and customary requirements regarding insurance, indemnification and confidentiality of competitive or proprietary information.

We may re-inspect or revoke our approval of a supplier or item at any time to protect the best interests of THE YARD GYM brand and Company's Intellectual Property. Revocation is effective immediately when you receive written notice from us, and following receipt of our notice, you may not place any new orders for the particular item or with the particular supplier and phase out use of the revoked item.

We will communicate any changes or additions to our purchasing standards or procedures in writing or electronically through supplements to the Brand Standards Manual. We may modify our specifications, recommended suppliers or purchasing procedures at any time in our discretion and you must adopt these changes at your sole expense without a commercially reasonable amount of time after receiving our notice.

We do not provide material benefits (for example, renewal or granting additional franchises) based on the fact that you purchase Non-Designated Goods/Services from a particular recommended supplier. We may, however, terminate your franchise if you purchase or use unapproved products, or buy Designated Goods/Services or Non-Designated Goods/Services from suppliers that are not recommended or approved by us.

Mandatory Addendum to Lease.

You, we and the landlord of the proposed franchise premises must sign our Addendum to Lease (**Exhibit D**). The Addendum is a contract that gives us the option to assume your lease if the Franchise Agreement expires or terminates for any reason. We do not derive any revenue by requiring the Addendum to Lease. The landlord's agreement to sign the Addendum to Lease is a condition to site approval.

Insurance.

Before you open your Franchised Gym, you must purchase and throughout the Franchise Agreement term maintain in full force and effect the types of insurance policies in the minimum coverage amounts and meeting the other specifications that we specify in the Brand Standards Manual and summarize below. All mandatory insurance policies must name us as an additional insured. Payments for insurance are made to third party insurance companies unless you fail to have the required insurance and we elect to obtain it for you, in which case we may impose a service fee equal to 25% of our costs and immediate reimbursement of our expenses on your behalf. While we may be a beneficiary of your insurance, we do not derive any revenue from the insurance policies that you obtain for your business unless you fail to

purchase required insurance and we elect to purchase the insurance coverage for you and collect the 25% service fee.

Our current minimum insurance requirements for THE YARD GYM franchisees are as follows:

REQUIRED COVERAGE	MINIMUM LIMITS OF COVERAGE
General Liability Aggregate See note (1)	$1 Million Dollars per occurrence $2 Million Dollars aggregate coverage
Products/Completed Operations Aggregate	$2 Million Dollars aggregate coverage
Broad form Contractual Liability; Personal and Advertising Injury	$1 Million Dollars
Non-owned Automobile Liability	$1 Million Dollars per occurrence
All "Risks" or "Special" form general casualty insurance	Full replacement value of your Franchised Gym and its contents based on the cost of replacing the damaged or destroyed property with property meeting Company's current specifications at the time replacement is required
Fire Damage (any one fire)	$1 Million Dollars Fire Legal Liability or the hire amount required by the Lease
Business Interruption Insurance	$1 Million Dollars
Workers compensation and employer's liability insurance, together with any other insurance required by law	Minimum limits required by law

(1) Comprehensive general liability insurance combined single limit (including broad form contractual liability), or the higher amount required by the premises lease, insuring you, us and any of our affiliates that we designate against claims for personal injury or property damage from your business operations.

You must obtain additional insurance if required by the lease of the Approved Location. Any person or firm that you hire as a general contractor or to perform comparable services must maintain general liability and builder's risk insurance with comprehensive automobile liability coverage and worker's compensation insurance in the minimum amount of $1 Million Dollars aggregate or the higher amount required by applicable law plus additional insurance that protects against damage to the premises and structure and other course of construction hazards.

We may periodically modify our minimum requirements to reflect inflation, general industry standards or our future experience with claims. We make no representation that the minimum coverage that we require will be sufficient for your business or purposes. You need to evaluate if your business will require greater coverage or other types of insurance.

Memberships, Class Packages, and Gift Cards.

At this time, you may only offer and sell membership and class packages for your own Franchised Gym and gift cards that are redeemable only at your Franchised Gym. In the future, we may introduce a network-wide membership program or multi-class package that allows clients reciprocity access at any

Network Gym or an electronic gift card program redeemable at any Network Gym besides the one where the membership, class package or gift card is bought. We may require that you participate in these network-wide programs. We will notify you before we launch any network-wide programs and explain the reciprocity rules and other conditions in the Brand Standards Manual including addressing how we treat transactions in the calculation of Gross Revenue (whether at the time of sale or redemption). We do not expect to derive revenue from the sale of membership or class packages or from the sale of gift cards except if transactions take place at an affiliate-owned Franchised Gym.

Additional Disclosure re: Suppliers.

Our CEO, Dan Bova, owns a minority interest in the optional Bookkeeping Service provider. Otherwise, our officers do not own an interest in any privately held required, recommended or approved supplier other than our TYG Affiliate, or a material interest in any publicly-held suppliers of Designated Goods/Services or Non-Designated Goods/Services to THE YARD GYM or TYG TRAINING franchises.

UCC-1 Financing Statement.

To secure your performance under the Franchise Agreement, the Franchise Agreement includes a provision in which you grant us a security interest in and to all of the tangible and intangible property that you own and use to operate your Franchised Gym. Our rights as a secured party are subject to applicable law. To perfect our security interest, we will record a UCC-1 Financing Statement. We will subordinate our security interest to a bank or other conventional lender providing financing for your purchase of the franchise. Otherwise, you may not grant another person a security interest in the tangible or intangible assets of your Franchised Gym even if their security interest is subordinate to ours without our prior written consent.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

	OBLIGATION	PARAGRAPH IN THE FRANCHISE AGREEMENT (FA)	DISCLOSURE DOCUMENT ITEM
a.	Site selection and acquisition/lease	Section 4	Items 5, 6, 7, 11
b.	Pre-opening purchases/leases	Sections 9.4, 9.5, 9.6	Items 7, 8
c.	Site development and other pre-opening requirements	Sections 6.2 and 6.3	Items 6, 7, 11
d.	Initial and ongoing training	Section 7	Items 6, 11
e.	Opening	Section 6	Item 11
f.	Fees	Section 9	Items 5, 6
g.	Compliance with standards and policies/operating manual	Section 11	Items 8, 11, 14, 16
h.	Trademarks and proprietary information	Section 8	Items 13, 14
i.	Restrictions on products/services offered	Sections 11.1 and 11.5	Items 8, 16
j.	Warranty and client service requirements	Not applicable	Not applicable
k.	Territorial development and sales quotas	Section 3	Item 12
l.	Ongoing product/service purchases	Section 11.4	Items 8, 11
m.	Maintenance, appearance and remodeling requirements	Section 11.9	Items 6, 8
n.	Insurance	Section 13	Items 6, 7, 8
o.	Advertising	Section 11.10	Items 6, 11
p.	Indemnification	Section 18.2	Item 6
q.	Owner's participation/management/staffing	Section 11.11	Item 15
r.	Records and reports	Section 10	Items 8, 11
s.	Inspection and audits	Section 12.5	Items 6, 11, 13

	OBLIGATION	PARAGRAPH IN THE FRANCHISE AGREEMENT (FA)	DISCLOSURE DOCUMENT ITEM
t.	Transfer	Section 17	Items 6, 17
u.	Renewal	Section 5	Item 17
v.	Post-termination obligations	Section 16	Item 17
w.	Non-competition covenants	Section 14.1	Item 17
x.	Dispute resolution	Section 20	Item 17

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligations to a bank or landlord.

ITEM 11

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

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

Assistance Before the Opening Date of your Franchised Gym.

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

1. We will provide you with access to our Brand Standards Manual during the term of the Franchise Agreement which contains mandatory and suggested specifications, standards and operating procedures. (Franchise Agreement, Section 8.3). We may furnish the Brand Standards Manual in written and electronic format. The Brand Standards Manual is confidential and remains our property. When your Franchise Agreement expires or terminates, you must return your copy of any portion of the Brand Standards Manual that we furnish to you in written format and permanently remove any electronic content from your computer systems following our instructions. We may modify the Brand Standards Manual as frequently as we determine is necessary by written or electronic supplements and will promptly share all updates with you. We attach as **Exhibit G** the table of contents of our current version of the Brand Standards Manual indicating the approximate number of pages devoted to each subject and total number of pages in the Brand Standards Manual.

2. To help you evaluate potential sites, we will provide you, without charge, with our current written site selection criteria; construction specifications for an average-sized Network Gym showing layouts, design, appearance, trade dress elements, and leasehold improvements; and guidelines that identify some demographic and physical characteristics of Network Gyms that we consider important. (Franchise Agreement, Section 6.1).

3. We will provide you with a prototype layout and floor plan indicating the desired placement of all required fitness equipment, furnishings and décor items in a prototype Network Gym. (Franchise Agreement, Section 6.1(a)).

4. We will review your written site package that proposes a site that you would like us to approve as the "Approved Location" for your Franchised Gym. Your site proposal must include a letter of intent or comparable agreement with the landlord of the site indicating that the landlord is willing to enter into a lease and our Addendum to Lease in the form of **Exhibit D**. (Franchise Agreement, Section 4.2). While we may suggest possible sites for your Franchised Gym or recommend a local real estate broker to work with, we have no obligation to do so. After we receive your written site proposal, we may visit the area at our expense if we feel it is necessary to inspect the physical or demographic conditions of the proposed site and neighboring area to evaluate your proposal. (Franchise Agreement, Section 4.1(d)(ii)).

5. Once we identify the Approved Location, we will designate your Franchised Gym's Territory. (Franchise Agreement, Section 4.1(a)).

6. We will review your request for approval of design personnel and a contractor that you select to complete the build-out and development of the Approved Location so that we can verify their overall reputation and credentials for workmanship, timeliness of performance, financial solvency and experience with retail construction. We will notify you of our decision within 15 days after we receive your request for approval of a particular architectural, design or contracting firm together with appropriate supporting information demonstrating the firm's qualifications. (Franchise Agreement, Section 6.1(b)).

7. We have 15 days after we receive complete construction and design drawings based on the actual dimensions of the Approved Location in which to indicate our approval or disapproval of your plans or supply you with comments and feedback. We must approve your plans before you may begin construction and remodeling work. (Franchise Agreement, Section 6.1(e)).

8. During the build-out, we will address your questions about the development and construction process, but you are solely responsible for procuring building permits, purchasing or leasing fixtures and equipment, making leasehold improvements and supervising all aspects of the build-out of your Franchised Gym. You must complete construction and remodeling at your expense in conformity with the construction drawings that we approve and applicable building codes and other laws governing fitness studios in the market area where you locate your Franchised Gym. (Franchise Agreement, Section 6.2). We may conduct a final inspection of your Franchised Gym before the Opening Date to verify that your Franchised Gym, as built, complies with our approved plans, specifications and other requirements. (Franchise Agreement, Section 6.2(f)). Our final approval is solely to verify that actual develop conforms to our specifications, not to evaluate the quality of the workmanship or ratify that the improvements comply with all laws.

9. We will sell you the initial equipment pack that we describe in Item 5. We will arrange for shipping and delivery to your Franchised Gym and pass through shipping and delivery costs to you. You must reimburse us for these costs within 30 days of invoice. (Franchise Agreement, Section 9.6(b)).

10. We will sell you an initial inventory of Branded Retail Merchandise that we describe in Item 5. We will arrange for shipping and delivery to your Franchised Gym and pass through shipping and delivery costs to you. You must reimburse us for these costs within 30 days of invoice. (Franchise Agreement, Section 9.7).

11. We will review your requests for approval of alternative suppliers or items of Non-Designated Goods/Services. (Franchise Agreement, Section 11.3).

12. We will deliver the Business Operations Training and Coach Training modules of our Initial Training Program to your Primary Owner and any other management-level employee who you want to qualify to serve as the General Manager of your Franchised Gym. (Franchise Agreement, Section 7.1).

13. We will design and deliver a Grand Opening Launch marketing program to publicize the opening of your Franchised Gym to prospective clients in your market area in exchange for your paying us the Grand Opening Launch Fee and Ad Spend Fee that we describe in Item 5. (Franchise Agreement, Section 9.5).

14. We will designate a third-party bookkeeping service to manage your accounts payable, provide payroll services, and prepare financial reports for your Franchised Gym. Your use of the recommended bookkeeping service is optional at this time. (Franchise Agreement, Section 10.1).

15. We will provide you with detailed specifications for the Computer System that you must install and use to operate the Franchise Gym, which we further describe in this Item 11. (Franchise Agreement, Section 11.8).

Assistance After the Opening Date of your Franchised Gym.

After you open your Franchised Gym, we provide you with the following assistance:

1. We will regularly consult with you and provide advice in response to your inquiries about specific administrative and operating issues at your Franchised Gym. In our discretion, we decide how best to communicate our consultation and advice, whether through our secure Network Portal, by telephone, in writing, other electronic format like email, or in person. The method we choose in your case may be different than the methods we use for another franchisee. (Franchise Agreement, Section 12.1).

2. Upon your or our request, we will provide additional on-site training at your Franchised Gym to address specific operating issues that you bring to our attention. You must pay us our then-current training fee specified in the Brand Standards Manual and described in Item 6 and reimburse us for our reasonable expenses in providing on-site instruction, including expenses for air and ground transportation, lodging, meals, and personal charges. (Franchise Agreement, Section 7.2).

3. You may enroll additional Primary Owners or later management hires whom you want to qualify as a General Manager after the Opening Date who do not participate in the Business Operations Training and Coach Training modules of our Initial Training Program before the Opening Date. We will designate the operating Franchised Gym in the United States where we will conduct this training if we deliver these modules through live, in-person instruction. We may conduct the Business Operations Training and Coach Training modules of our Initial Training Program at either a TYG TRAINING gym or THE YARD GYM. Enrollment is based on space availability on a first-come basis and is subject to paying our fee specified in the Brand Standards Manual and described in Item 6 as well as the travel expenses of your employee. (Franchise Agreement, Section 7.2).

4. You will have access to our Network Portal where we post announcements and information relevant to the System and copy of the Brand Standards Manual and issue secure sign-in credentials to your Primary Owner and General Manager. (Franchise Agreement, Section 8.3(d)).

5. We will sell you replacement fitness equipment, parts, and accessories and newer models of fitness equipment on an "as needed" basis or to add new fitness equipment models that we may introduce as part of the System for THE YARD GYM and TYG TRAINING in the United States. (Franchise Agreement, Section 9.6).

6. We will sell you additional inventory of all current styles of Branded Retail Merchandise to help you avoid out-of-stock conditions. In the future, we may introduce new styles of Branded Retail Merchandise including wearable fitness tracking devices and nutritional supplements, vitamins, foods and beverages not currently sold as Branded Retail Merchandise. You must offer for sale all of our current styles and SKUs of Branded Retail Merchandise from your Franchised Gym. We will allow you a reasonable amount of time to sell your inventory of discontinued styles and SKUs. You may only sell Branded Retail Merchandise from your Franchised Gym and not from any other location or on the Franchised Gym Subpage, or from a third-party website, or through any other trade channel. (Franchise Agreement, Section 9.7).

7. When we reach sufficient size, we may conduct a joint annual meeting of franchisees of THE YARD GYM and TYG TRAINING to address recently-implemented changes in each franchise program and other topics of common interest, including changes in Designated Goods/Services and Non-Designated Goods/Services, supplier relationships, industry trends, client service standards, marketing and promotional strategies, and competitive changes. If we choose to conduct an annual meeting, we will determine the content, location and length of the annual meeting; provided, however, the annual meeting

shall not exceed 3 days (excluding travel days) in any 12 Calendar Month period and you will not be required to send more than one person to the annual meeting. Your Primary Owner must attend the annual meeting on your behalf, or, in their absence, and with our prior approval, an Equity Owner (someone who owns at least 5% of the equity of the Franchisee business entity) or your General Partner. We may hold the annual meeting outside of the United States in a country where we have two or more franchisees of either THE YARD GYM or TYG TRAINING gyms. We may impose a per person annual meeting registration fee as we describe in Item 6. You must pay the transportation, lodging, personal expenses and salary for each member of your staff you attends an annual meeting requiring travel. (Franchise Agreement, Section 12.6).

8. We will periodically revise the Brand Standards Manual to reflect changes that we make to the System and promptly supply you with all updates electronically or in writing. (Franchise Agreement, Section 8.3(f)).

9. We will review your request to use or sell Non-Designated Goods/Services not already approved by us or to purchase Non-Designated Goods/Services meeting our specifications from a supplier not on our recommended list. (Franchise Agreement, Section 11.3).

10. We or our designee will periodically inspect your operations and review your books and records including data stored on your computers to verify your compliance with the Franchise Agreement and the Brand Standards Manual. (Franchise Agreement, Sections 10.3 and 12.5).

11. We will administer the Marketing Fund that we describe elsewhere in this Item 11. (Franchise Agreement, Section 12.3).

12. We will review any local marketing that you create and wish to use to promote your Franchised Gym. (Franchise Agreement, Section 11.10).

13. We maintain the TYG Website where we promote Network Gyms and provide each Franchised Gym including the Franchised Gym with its own "click through" subpage. You may customize your Franchised Gym Subpage to provide the public with your Franchised Gym's operating hours, class descriptions and schedules, location and travel directions, instructor profiles, and information about special events, with the ability for clients to sign-up for classes and other services that you offer, and purchase membership and class packages. We forbid you to have your own website for your Franchised Gym with a different URL address that is not a subpage of the TYG Website. We, alone, determine all policies pertaining to the use of the Franchised Gym Subpage, which we regard as local marketing. (Franchise Agreement, Section 12.4).

14. We plan to introduce a mystery shopper program using the services of an outside mystery shopper company that will perform regular mystery shopper visits to your Franchised Gym and provide you and us with critical feedback about the effectiveness of your operations from a client perspective and meets our standards. When we implement the program, you must participate in it and pay the Mystery Shopper Fee that we disclose in Item 6. (Franchise Agreement, Section 12.5(b)).

15. We may set minimum or maximum prices and establish client refund policies to the fullest extent permitted by applicable laws for, among other things, memberships, class packages and Branded Retail Merchandise. (Franchise Agreement, Section 11.5(j)).

16. When there are a sufficient number of Network Gyms in the United States operating either as THE YARD GYM or TYG TRAINING, we intend to implement a United States-specific franchisee advisory council ("FAC") to provide us with input and feedback on different initiatives and programs. We

will determine the FAC's governance rules, including the number of franchisee representatives and method for conducting elections.

Advertising Services.

1. Marketing Fund. See generally, Franchise Agreement, Section 12.3.

We may deposit Marketing Fees collected from (i) TYG TRAINING franchisees in the state of Illinois; and (ii) THE YARD GYM franchisees outside the state of Illinois in the United States into our general operating account where we deposit other revenue from TYG TRAINING and THE YARD GYM franchisees in the United States.

In our discretion, we may combine some or all of the Marketing Fees that we receive from TYG TRAINING franchisees operating in the state of Illinois with Marketing Fees that we receive from THE YARD GYM franchisees operating elsewhere in the United States. We may also combine these Marketing Fees with marketing fees that we receive from TYG TRAINING and THE YARD GYM franchisees operating outside of the United States. Regardless of the location of the party paying us marketing fees, we intend to create identical marketing materials for use by franchisees of each franchise program. We refer to the aggregate of the Marketing Fees paid by TYG TRAINING and THE YARD GYM franchisees as the "Marketing Fund." The Marketing Fund is not a trust, nor is it a separate, segregated account, and we do not owe you a fiduciary duty based on our handling of Marketing Fees.

During our most recent fiscal year ending on June 30, 2024, we did not collect any Marketing Fees.

As the administrator of the Marketing Fund, we direct all advertising, marketing and promotional programs that promote THE YARD GYM or TYG TRAINING gyms in the United States. We will work with our TYG Affiliate if we elect to combine Marketing Fees with sums paid by THE YARD GYM and TYG TRAINING franchisees outside of the United States. Together, we and our TYG Affiliate each have sole discretion over all creative concepts, materials and endorsements and the geographic, market and media placement of all advertising, marketing and promotional programs. We do not promise that we will impose and collect a Marketing Fee from every THE YARD GYM and TYG TRAINING franchisee in the world, nor do we promise to spend Marketing Fees collected from THE YARD GYM and TYG TRAINING franchisees in the United States on marketing and advertising markets in the United States to the exclusion of other markets or on social media that targets consumers outside of the United States. We do not promise to spend the Marketing Fund in your Territory or in any particular geographic region. We do not promise that the benefits you receive will be in proportion to your contributions. Our primary use of Marketing Fees is to enhance consumer recognition of THE YARD GYM and TYG TRAINING gyms located throughout the world.

We may use the Marketing Fund to pay the cost to prepare and produce advertising materials; purchase media space or time; administer local, regional, national, or country-specific advertising programs, including buying direct mail pieces and promoting THE YARD GYM and TYG TRAINING gyms on social media sites; employ advertising, public relations and media buying agencies and professionals to assist us in these activities; and support general public relations, market research and other advertising and marketing activities. Additionally, in our discretion, we may use the Marketing Fund to furnish THE YARD GYM and TYG TRAINING franchisees with advertising and promotional formats and materials, like advertising art, print and media templates, point of sale materials, promotional graphics, and videos, and social networking website content. We may also use the Marketing Fund to pay for any direct expenses to support the cost to maintain and update the TYG Website and the Network Portal, and to publicize new features of the System. Upon request, we will agree to provide you with a copy of marketing, advertising and promotional materials on the same basis that we make these materials available to other

THE YARD GYM or TYG TRAINING franchisees if you pay us to reproduce the materials for you. At this time, we develop marketing materials in-house but we may engage a local, national, or international advertising agency in our discretion at any time.

We do not charge the Marketing Fund for marketing expenses that we incur to recruit new franchisees in or outside the United States.

We will prepare an annual income and expense statement showing Marketing Fund collections and expenditures and will furnish you with a copy on written request. These financial statements are prepared by our staff and are not audited by an outside accountant.

Out of the Marketing Fund, we may pay ourselves for the direct costs, salaries, travel expenses, administrative costs and other direct overhead that we incur to administer the Marketing Fund, including the cost of preparing the annual accounting of the Marketing Fund, expenses to collect Marketing Fees from delinquent franchisees, costs to develop specific marketing and advertising programs (including costs for market research and production), and costs to fund any annual meeting of THE YARD GYM and TYG TRAINING franchisees if we elect to hold one.

In any given year, we may spend more or less than the total amount of Marketing Fees that we collect for that year. If we over-spend or under-spend actual collections, we will carry-forward any Marketing Fund deficit or surplus to a future fiscal period. As we deposit Marketing Fees in our general operating bank account, we retain any interest paid by our bank on the Marketing Fund bank balance as our separate funds. You authorize us to collect and deposit in the Marketing Fund any specially earmarked advertising or promotional funds that a designated or approved supplier pays to us on account of your purchases. If we receive any rebates from a supplier on account of the supplier's transactions with our TYG TRAINING or THE YARD GYM franchisees that the supplier earmarks must be spent on marketing, we will deposit the rebates into the Marketing Fund as additional revenue unless a supplier requires us to apply the rebates for a different purpose or does not restrict our use of the funds. (Franchise Agreement, Section 12.3(e)).

We may terminate, and resume, the Marketing Fund periodically during the term of your Franchise Agreement, however, any decision to terminate or resume the Marketing Fund will apply to all current TYG TRAINING franchisees. We will not terminate the Marketing Fund before making arrangements to spend or rebate any balance in the Marketing Fund account after payment of all expenses. If we resume the Marketing Fund, we will collect Marketing Fees at the rate specified in your Franchise Agreement at that time.

THE YARD GYM and TYG TRAINING gyms that we or our affiliates own and operate in the United States will pay Marketing Fees at a rate that is equal to the lowest percentage contribution rate that any THE YARD GYM or TYG TRAINING gym in the United States then pays to the Marketing Fund.

2. Local Marketing.

You may not use any advertising, marketing, or promotional materials in any format (print, electronic, broadcast, social media) to promote your Franchised Gym without our prior written approval. We also forbid you to solicit sponsorships or endorsements or enter into other types of strategic marketing alliances without our prior approval. The Brand Standards Manuals explain what we classify as local marketing and the procedures for obtaining our prior written approval.

You must comply with our social media policies in the Brand Standards Manuals when engaging in any social media activities or communications on third party websites.

To apply for our approval of proposed local marketing, you must submit a copy or transcript of any local marketing materials in the exact form you intend to use them together with information that explains your proposed media plan, promotional event or other intended use. We have 20 days to review your request. If you do not receive our written approval within 20 days, that means we do not approve your materials or proposed local marketing (unless we notify you that we need additional time to review your materials). If you use or conduct local marketing that we approve, you must do so in the exact format or as represented to us in your approval request. (Franchise Agreement, Section 11.10(c)). As a condition of our approval, you must permit us and other TYG TRAINING or THE YARD GYM franchisees that we authorize to use your materials without compensation.

As we disclose in Item 6, you must spend a minimum of 3% of Gross Revenue each calendar quarter on local marketing after your Franchised Gym opens. You must substantiate your local marketing expenditures each calendar quarter on request. If the average over the course of a year is less than 3%, then you must promptly pay us the difference, plus an amount equal to 25% of the difference, which we will deposit into the Marketing Fund. Your failure to spend 3% of Gross Revenue on local marketing each year during the term of the Franchise Agreement is a material breach of the Franchise Agreement.

We treat all website or ecommerce activities as local marketing and forbid you to have your own website with its own URL address to promote your Franchised Gym. We consider the content that you place on third party social media websites or on the Franchised Gym Subpages to be local marketing and we have the right to approve the content as part of our general right to approve all forms of local marketing. All public or private online communications must comply with our social media networking policy that we include in the Brand Standards Manual.

3. Grand Opening Marketing.

We encourage you to engage in additional Grand Opening Marketing activities besides the Grand Opening launch campaign that we create for your Franchised Gym in exchange for your payment of the Grand Opening Launch Fee and Ad Spend Fee. All Grand Opening Marketing materials and activities that you create are considered local marketing and require our prior written approval before you may use them.

4. FAC Advertising Councils.

At this time, there is no advertising council composed of franchisees in the United States that advises us regarding advertising and promotional programs or policies for promoting THE YARD GYM and TYG TRAINING gyms generally or in the United States. When we reach a sufficient size, we may implement a FAC comprised of THE YARD GYM and TYG TRAINING franchisees in the United States or worldwide to provide us with input and feedback on different initiatives and programs. We may use the FAC to provide us with input on network-wide or United States-specific marketing initiatives depending on the composition of the FAC. If we form a FAC, we will appoint the members, who will serve in an advisory capacity only. The number of FAC members who own TYG TRAINING gyms may be in proportion to the percentage of TYG TRAINING gyms relative to THE YARD GYM facilities in the United States. The FAC will not have operational or decision-making authority and its recommendations will not be binding on us. We may alter the function or composition of the FAC at any time and may dissolve the FAC on 30 days written notice.

Additional Disclosures re: Site Selection.

Unless you own or are leasing retail space that meets our demographic and other site selection criteria that you would like to adapt to the design, appearance, trade dress and leasehold improvement elements of a Franchised Gym and which we approve for conversion to a Franchised Gym, you will begin

the site selection process immediately after you and we sign the Franchise Agreement. You alone must evaluate potential sites, subject to our site approval process. To help you evaluate sites, we will provide you with demographic and other construction specifications and a prototype layout and floor plan for a Network Gym.

We consider a variety of demographic factors in approving locations for Network Gyms, including the following: (i) population size, population sorted by gender and age, average household income, average income by gender, and comparable statistical data; (ii) general safety and security of the area; (iii) parking availability in areas of limited public transportation; (iv) lighting, visibility of signs and general street exposure; (v) rental rates and lease terms; (vi) compatibility of neighboring and adjacent retail tenants; (vii) the proposed site's location within a larger retail complex in terms of pedestrian flow and visibility; (viii) square footage, existing condition and adaptability of the space as a fitness studio; (ix) proximity of competitors; (x) convenient ingress and egress for foot and vehicular traffic; (xi) local economic conditions; and (xii) building, health, sign and other applicable codes, ordinances, regulations and restrictions.

In obtaining site approval, you may propose two or more sites for our approval simultaneously, but in order for us to consider any site request, you must submit a complete site package for each site that you propose that includes a letter of intent or other suitable evidence confirming your ability to obtain a lease for the site and the landlord's willingness to sign our Addendum to Lease. (Franchise Agreement, Section 4.1(d)(i)). At this time, we do not generally own the premises that our franchisees lease for their Franchised Gym.

We have 30 days after we receive all required site information to consent to or reject the proposed site. If you propose more than one site, we only need to approve one site. If we do not consent to any of the sites that you propose within the 30 day period, it means that we reject the site (or all sites if you propose more than one). After we give our consent to a site, you and the landlord must enter into a lease and our form Addendum to Lease (**Exhibit D**). We may condition site approval on our review and approval of the lease for your Franchised Gym before you may enter into the lease with the landlord.

As we disclose in Item 5, either one of us may terminate the Franchise Agreement if, within 180 days following execution of the Franchise Agreement, you have not completed all of the following steps in the development process of your Franchised Gym: (i) obtained our written approval to a site for your Franchised Gym; and (ii) provided us with an executed copy of the lease and an Addendum to Lease in the form of **Exhibit D** to this Disclosure Document. If either one of us elects to terminate the Franchise Agreement for this reason, we will refund all but $5,000 of the Initial Franchise Fee, and the entire Grand Opening Launch Fee and Ad Spend Fee. You must sign our form of general release (**Exhibit E**) as a condition to obtaining the refund.

Typical Length of Time Between Signing Franchise Agreement and Opening Date.

We estimate that the typical length of time between when you sign the lease and Addendum to Lease and the Opening Date of a Franchised Gym is 3-6 months. The actual length of time that it will take you to open your Franchised Gym after you sign the lease and Addendum to Lease will depend on a number of factors including how long it takes you to find a satisfactory site; secure needed financing; obtain our approval of construction drawings; secure all necessary building and zoning permits; and complete the build-out process. Your actual time may also be longer due to contingencies like weather, acts of God, material shortages and labor stoppages that are beyond your control.

Before you may begin teaching classes or open for business, we must issue a written completion certificate signifying that your Franchised Gym, as built-out, substantially conforms to our design

specifications, and you have met other pre-opening requirements including qualifying at least one General Manager, who may be a Primary Owner.

You must use your best efforts to diligently complete the development and construction of the Approved Location, hire and train staff members, prepare the Franchised Gym for the Opening Date, and open the Franchised Gym for business to the public within 180 days from the date that you take possession of the Approved Location after signing the Lease and Addendum to Lease. If, despite using best efforts, the Opening Date is delayed for reasons not attributable to an event of Force Majeure, you must pay us a non-refundable Opening Date extension fee of $5,000 without proration for each 30-day extension until the actual Opening Date. We do not provide assistance with conforming the premises to local ordinances and building codes, obtaining any required building or other types of operating permits, constructing, remodeling, or decorating the Approved Location, hiring employees, or training employees other than the employees entitled to enroll in our training program, which we describe in this Item 11.

Computer System.

As we disclose in Item 6, until we designate another business management software system or introduce proprietary software you must use third-party web-based MBO software, which is widely used in the fitness industry and offers a full complement of management tools including instructor and class scheduling, class bookings, payroll and cash register (POS) accounting, and inventory management. At a minimum, the portion of the Technology Fee that you pay to us, and that we remit to MBO, for a MBO software subscription will do the following: (i) interface with THE YARD GYM branded mobile application that customers may download and use to purchase memberships, book classes at your Gym, and conduct transactions from their smart phone (Apple and Android mobile applications are supported); (ii) access MBO's management software system, which, among other things, will allow you to change your online class schedule, manage instructor and class schedules, perform payroll and cash register (POS) functions, access performance and accounting data, manage memberships, perform financial accounting functions, and generate various types of reports; and (iii) perform payment processing, a feature built into MBO's software that allows you to manage payments and which directly integrates with MBO's management system. MBO may offer additional software that you may elect to use, but which we do not require and therefore any additional costs are not reflected in the Technology Fee. Our arrangement with MBO is that MBO sets the monthly subscription fees, which we collect from all franchisees and remit to MBO each month without deduction under our "single biller" program with MBO that relieves MBO of collection responsibilities.

MBO software applications allow you and your instructors remote access from any location with WIFI service. You are solely responsible for training your instructors and staff in the proper use of the MBO software system.

You must also use other software available from approved third party suppliers to operate your Gym to play music during classes, and you may use other software available from approved third party suppliers that we encourage you to use for lead generation, online learning management, and content management to create email templates, social media posts, and similar types of communications with existing and prospective customers.

You must also purchase compatible computer hardware to operate the MBO software system. For a prototype Franchised Gym of between 2,000 and 4,400 square feet, you must have one front desktop Apple iMac computer (with an 8GB memory); three iPads for staff use (each having a 64GB capacity); from one to two printers; basic non-proprietary office software (Excel, Word); high-speed internet router; and basic supplies like paper and general office supplies. You must install functional features for virus protection. You may purchase computer hardware and non-proprietary office software meeting our specifications from

any vendor or source. We estimate that the initial cost of the basic computer hardware, non-proprietary office software, exclusive of Technology Fees that you pay to us including for a subscription to the MBO software applications, will range from $6,000 - $10,000 for a Franchised Gym of between 2,000 and 4,400 square feet.

We estimate that your annual cost to repair, maintain and upgrade computer hardware, general business equipment, and non-proprietary office software (other than to replace outdated hardware) will be $1,000/year or less since the MBO software subscription fee includes software upgrades and updates. There are no computer hardware or business equipment leasing program in place at this time.

You must maintain high-speed Internet access and an active e-mail address allowing you to download information from our Network Portal, communicate through e-mail, receive, send and store documents and perform other back-office business functions.

You must permit us unlimited remote access to the data stored on your computer system. We may require you to provide us with all passwords, access keys and other security devices as necessary to permit our access. Nothing limits our right to access or use the data we retrieve. By holding the MBO master account, we have independent remote access to your Gross Revenue information and "Client Data," a term that refers to the names and contact information of your existing and prospective clients. This allows us to verify the amount of Royalty Fees and Marketing Fees payable to us and direct MBO to terminate your subscription if the Franchise Agreement ends for any reason. (Franchise Agreement, Section 10.3).

You must install integrated security cameras giving us remote visual access to watch activities at your Franchised Gym on demand. Your expenses to purchase and install integrated security cameras would likely run between $1,000 to $10,000 based on a prototype Franchised Gym of between 2,000 and 4,400 square feet based on the number of cameras that you chose to install.

Upon 30 days' written notice, we may require you to replace obsolete or outdated hardware components or software with newer technology or designate a different exclusive vendor, including us or an affiliate. Upon 30 days' written notice, we may replace MBO software with a proprietary technology platform developed by and for us that includes, among other functions, lead generation and management, business and client management, and a branded mobile application. There are no contractual limitations on the frequency or cost of future updates, upgrades or replacement components or systems. We will endeavor to provide you with reasonable written notice of all upgrades, updates and replacement specifications to allow you sufficient time to implement changes. We cannot estimate the future cost of maintaining, updating and upgrading MBO software since MBO sets these fees, not us. At this time, we estimate that the Technology Fee for the proprietary software system, if introduced, would be $850 per Calendar Month (inclusive of what we currently separately require you to pay for a website and emails), or $950 per Calendar Month if the proprietary software performs music, learning management, and content management functions. Nevertheless, you must implement these changes, including paying us reasonable licensing fees if we introduce proprietary software in the future, at the same rate that we charge other THE YARD GYM and TYG TRAINING franchisees in the United States.

During the term of the Franchise Agreement, we may recommend new software applications that will aid your operation of your Franchised Gym. Unless we specify that use is mandatory, you may decide whether to subscribe for these applications and use them in your business.

Training:

Before you open your Franchised Gym, we will provide you with a comprehensive initial training program which presently consists of three separate modules: (i) Business Operations Training; (ii) Coach

Training; and (iii) New Gym Opening Launch. The actual length of each module may, by mutual agreement, be shorter than we show in the chart depending on your previous experience. This chart summarizes who must attend each module, the location of the module, and when the module begins or finishes relative to the Opening Date. Our Brand Standards Manual serves as our instructional materials. See generally, Franchise Agreement, Section 7.

TRAINING PROGRAM
(Initial Training Program)

SUBJECT/MODULE	HOURS OF CLASS-ROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Business Operations Training Subjects Addressed: • Induction (Theoretical and Practical) • "Front of house" and general operations • Social Media Total length: up to 1 day/8 hours per day. Who must attend: At least one Primary Owner and one other management-level employee. When: By mutual arrangement, to start within 90 days after you sign a lease for Approved Location.	8	16	Until further notice, at one of the operating Network Gyms in San Diego, California
Coach Training Subjects Addressed: • Fitness goals of Company's group classes • Techniques for training your personal training staff in effective communication and motivational skills consistent with our customer services standards to enhance client outcomes. Who must attend: Same as Business Operations Module When: Immediately following Business Operations	8	16	Until further notice, at one of the operating Network Gyms in San Diego, California
New Gym Opening Launch Subjects Addressed: • "Front of house" and general operations • Customer service standards Total length: 1 day/6 hours per day Who must attend: All opening employees and instructors. When: By mutual arrangement immediately before the Opening Date.	6		Until further notice, we deliver the New Opening Launch either by Zoom or comparable video technology and combine some portion with pre-recorded videos. We call this "classroom" although you may choose to view these sessions with your opening employees and independent operators together from your Franchised Gym.
TOTAL	**24**	**40**	

We limit attendance at the Business Operations and Coaching modules to Primary Owners and any other management-level personnel whom you want to qualify as a General Manager, but otherwise do not limit the number of management-level personnel that want to enroll in the same modules that we deliver to you before the Opening Date. If a Primary Owner will serve as the initial General Manager, you must enroll at least 2 Primary Owners in the pre-Opening Date modules. Because we require that your Franchised Gym to be under the direct supervision of a General Manager at all times and qualification as a General Manager depends, among other things, on successfully completing the Business Operations Training and Coaching modules, we strongly advise you to qualify two or more General Managers before the opening of your Network Gym in case of turn-over.

We may deliver portions of the Business Operations training module through self-directed webinars. Otherwise, we conduct the Business Operations and Coaching modules live at an operating THE YARD GYM in San Diego, California, although we may change the training location to another THE YARD GYM elsewhere in the United States or TYG TRAINING in Illinois at any time or deliver segments of these modules remotely through video format where those attending will be able to interact on a live basis with our instructor. You must pay all personal expenses for yourself and your employees to attend training, including transportation, lodging, food, and other personal charges.

We recommend that you include all opening employees and instructors in the one-day New Gym Opening Launch module that we deliver immediately before the Opening Date.

We do not charge a training fee for providing the Initial Training Program before the Opening Date. All individuals who attend the Initial Training Program before the Opening Date must complete training to our reasonable satisfaction. We will apply our "reasonable business judgment" to determine if the individuals you send to training have completed training to our reasonable satisfaction. We define "reasonable business judgment" in Section 12.8 of the Franchise Agreement.

We offer and schedule the Initial Training Program on an as-needed basis.

We may periodically offer continuing training programs at one or more locations that we designate in the United States or via remote delivery to address new fitness equipment, recent changes to the System, and other subjects of mutual interest, and require attendance by a Primary Owner and a General Manager (if the General Manager is not a Primary Owner). However, we will not require that more than 2 members of your management complete more than 3 days of continuing training during any 12-Calendar Month period. Enrollment in continuing training classes will be based on space availability on a first-come basis and is subject to paying continuing training fees.

You must pay our reasonable travel costs for any training that we conduct at your Franchised Gym and are responsible for paying the travel costs and salary of your employees who receive training outside of your Franchised Gym. See Item 6.

We may modify the initial training program at any time by adding, deleting or revising the modules, curriculum, training instructors, training locations, duration of training and other requirements.

All training programs are run under the supervision of Dan Bova, our managing member and CEO. See Item 2. Additional training instructors may include on a rotating basis employees of our TYG Affiliate who have at least 12 months experience working at a THE YARD GYM facility in or outside of the United States.

ITEM 12

TERRITORY

Subject to our reserved rights, which we describe in this Item 12, we assign each Network Gym a Territory, which we indicate in our site approval notice. In no event will your Franchised Gym's Territory be smaller than a single zip code. We do not promise that the Territory that we assign to each Network Gym will be identical in geographic size or population. The Territory that we assign to one franchisee may share a common boundary, but will not overlap with the Territory that we assign to another franchisee. The Territory that we assign to your Franchised Gym will not change due to later population or demographic changes in the general market area that your Franchised Gym serves, or for any other reason.

The significance of designating a Territory for your Approved Location is that neither we nor our affiliates will establish or issue franchise rights to anyone else to operate a Network Gym in the Territory that we assign to your Franchised Gym. However, we may engage in certain activities in your Territory during the term of the Franchise Agreement as we explain in this Item 12.

Your territorial rights relate strictly to the location of another Franchised Gym within the Territory, not to clients. Your territorial rights do not give you the exclusive or superior right to service clients who reside or work in the Territory that we assign to your Franchised Gym. A client who resides or works in your Territory may frequent any other Network Gym without the owner of the other Network Gym having to pay you compensation and vice-versa.

You may not relocate your Franchised Gym except to a location that we approve in writing. Relocation is at your sole expense and subject to certain conditions that we specify in the Franchise Agreement including paying us the Relocation Fee that we describe in Item 6. The new location must satisfy our then-current minimum demographic conditions. If we approve the new premises that you propose, you must improve the new location consistent with our then-current trade dress and construction requirements for new Network Gyms and use your best efforts to complete relocation without any interruption in the continuous operation of your Franchised Gym unless you obtain our written consent beforehand to close your Franchised Gym for business. The new location need not be within the original Territory, but will be subject to the territorial rights of any existing franchisee. Once we approve the new location for your Franchised Gym, we will assign it a new Territory, which will not be smaller than a single zip code.

The Franchise Agreement permits you to engage only in retail transactions of authorized goods and services at the Approved Location and not at other locations in or outside of your Territory or through alternative trade channels like the internet. This means, among other things, that you may not provide personal trainer services in a client's home or some other location outside of your Franchised Gym, nor may you engage in the sale of Branded Retail Merchandise anywhere except at the Approved Location. While you may use your Franchised Gym Subpage to sell memberships and class packages electronically through MBO software that are redeemable at your Franchised Gym, you may not use your Franchised Gym Subpage (or any other website address) to sell Branded Retail Merchandise.

We do not restrict your local marketing activities to recruit prospective clients and promote your Franchised Gym to your Territory. You may use the Internet and third-party social media sites to advertise and promote your Franchised Gym with our prior written approval, but you may not use other channels of distribution to sell any type of equipment, goods or merchandise that we authorize for sale at your Franchised Gym. By "channels of distribution," we mean channels like the Internet or catalog sales.

The franchise rights do not give you the exclusive or preferential right to use the Licensed Marks or the System in the trade area where you do business and do not in any way limit our use of the Licensed

Marks or the System anywhere or for any purpose. We do not limit other licensees of ours from engaging in advertising activities outside of their Territory and do not promise that they will not engage in activities soliciting clients who reside or work in your Territory. For example, social media and digital advertising by other licensees in neighboring territories may be visible to consumers in your Territory.

Our Reserved Rights.

Your Territory excludes the following types of properties existing now, or in the future, in your Territory:

(a) Each Nontraditional Venue in the Territory. "Nontraditional Venue" includes, without limitation, a large public or privately-owned destination or complex where the owner provides fitness services as an accommodation to a captive market visiting or frequenting the Nontraditional Venue. Examples of Nontraditional Venues include Regional Shopping Malls, airports, mass transit stations, professional sports stadiums and arenas, hotels and other types of lodging facilities, public or private golf clubs or athletic facilities, military bases, entertainment center, amusement parks, casinos, universities and other types of schools, hospitals and other types of health care institutions, other types of institutional venues, or similar types of captive market locations that we may designate. We alone determine if a property is a Nontraditional Venue; and

(b) Any location in the Territory that we acquire as part of our simultaneous acquisition of a chain of 3 or more Competitive Businesses that operate under a common trade name and follow uniform methods of operation. To qualify as a chain, the Competitive Business locations need not all be located in the Territory; however we must acquire no fewer than 3 locations in the same transaction of which at least one is in the Territory.

(i) We may convert the Competitive Business location that is in your Territory to a Network Gym.

(ii) However, if we wish to complete this conversion after you have signed a Franchise Agreement designating your Territory, we will offer you a first option to acquire, own, and operate the location as a Franchised Gym on the terms of our then-current Franchise Agreement, which may be materially different than your signed Franchise Agreement, including requiring payment of additional or different fees to us. Your option shall depend on your meeting the following conditions: (i) you are then in good-standing under the Franchise Agreement and have not previously received any notice of default under the Franchise Agreement whether or not you have timely cured the default; (ii) if we have previously mutually agreed in writing that you may open multiple Gyms (including the Gym that is the subject of the Franchise Agreement) by specific Opening Date deadlines, you are in compliance with the mutually agreed upon development schedule; (iii) you meet our minimum net worth requirements to operate more than one Gym; (iv) your Franchised Gym has been operational for at least 12 months and during the preceding 12-month period, the Franchised Gym's annual revenue is at least 80% of the average revenues for all franchisees of THE YARD GYM for the same period; (v) you or your Affiliate and your respective Equity Holders execute our then-current Franchise Agreement and Consolidated Agreement that we require new THE YARD GYM franchisees to sign. You do not have an option to acquire the Competitive Business if we have

acquired the chain before you sign you Franchise Agreement and we designate your Territory.

(iii) If you or your Affiliate or your respective Executive Management and Equity Holders do not execute all documents that we then require other THE YARD GYM franchisees to sign within 30 days after they are presented by us, you will be deemed to have rejected this option and we will be free to open or award franchise rights to a third party to open for the converted Competitive Business in your Territory.

In addition to the exclusions from your Territory, we reserve the right to engage in the following activities in your Territory directly or through an Affiliate:

(a) Open or license others to open fitness studios in the Territory under a trade name that is dissimilar from THE YARD GYM that offer any type of exercise program including the same type of strength and conditioning exercises offered at THE YARD GYM.

(b) Offer for sale and sell Designated Goods/Services through any method or channel of distribution now existing or developed after the Effective Date without prior notice or compensation to you, and without your consent. Our reserved rights include the right to engage in Wholesale Sales of Designated Goods/Services through various market channels, including: (i) online transactions from our Website, third-party websites, and social media platforms; (ii) sales through third-party mail order catalogues and direct mail advertising; (iii) sales conducted at trade shows; (iv) sales to retail stores, including unrelated sporting goods stores, operating under a trade name that is dissimilar from THE YARD GYM; and (v) sales to fitness studios in the Territory operating under a trade name that is dissimilar from THE YARD GYM that offer any type of exercise program including the same type of strength and conditioning exercises offered at THE YARD GYM.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Outside of the Territory that we assign to your Franchised Gym, we may open or offer franchise rights to any person of our choosing to open a Network Gym regardless of how close their Franchised Gym may be located to the boundaries of your Territory. We do not offer you any type of right of first refusal or preferential right to acquire additional franchises for areas immediately adjacent to, or abutting, the boundaries of your Territory.

Beginning 30 days after the Opening Date of your Franchised Gym, and for the remainder of the Franchise Agreement term, you must conduct no fewer than the following number of 50-minute group fitness class sessions (referring to the pre-recorded fitness classes that we describe in Item 1), which we refer to as the "Minimum Performance Requirement:"

- 12 sessions per day for each day that the Gym is open for business; and
- 288 sessions per month prorated for any partial month.

The Brand Standards Manual identifies the authorized pre-recorded group fitness classes that you must advertise and run at your Franchised Gym to meet the Minimum Performance Requirement. We continually revise the pre-recorded classes and forbid you from running any other group or other types of fitness classes at your Franchised Gym except with our prior written approval. Your failure to comply with the Minimum Performance Requirement after the Opening Date for (i) 5 or more days during any

month when your Franchised Gym is scheduled to be open for business; (ii) any 2 consecutive months; or (iii) any 3 months during any consecutive 6 month period is grounds permitting us to terminate the Franchise Agreement without providing you with a cure opportunity.

Other than meeting the Minimum Performance Requirement, your franchise rights are not contingent on achieving a minimum level of Gross Revenue or on any other kind of sales or market penetration contingency.

ITEM 13

TRADEMARKS

Under the Franchise Agreement, we grant you a non-exclusive license to use the System under specific conditions. The System refers collectively to all of the distinctive business methods, Designated Goods/Services, Confidential Information, and Company's Intellectual Property that distinguish Network Gyms. Company's Intellectual Property includes our Licensed Marks. You may only use the elements of the System that we designate.

The Licensed Marks include the word marks "The Yard Gym" and "Yard Nation," and the design represented on the first page of this disclosure document. We consider these Licensed Marks to be our principal trademarks. Neither one of our principal trademarks is registered with the United States Patent and Trademark Office ("USPTO") as of the Issuance Date of this Disclosure Document. Therefore, our principal trademarks do not have many legal benefits and rights as a federally registered trademark. If your right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

You must follow our rules when you use the Licensed Marks. Among other rules and requirements, we forbid you to use any portion or feature of the Licensed Marks in your corporate, fictitious or other business entity name or with any prefix, suffix or other modifying words, terms, designs, colors or symbols. You may not use the Licensed Marks to sell any unauthorized products or services in a way contrary to our instructions, or in any way that could result in our liability for your debts or cause us to be deemed to be the employer of your employees. You must use the Licensed Marks in the form and manner that we specify and follow our instructions for identifying yourself as the independent owner of your Franchised Gym. You must maintain appropriate trade name or fictitious name registrations. You may not use any other trademarks or service marks in combination with the Licensed Marks without our written approval beforehand. When you use the Licensed Marks, you must apply the special trademark symbols and ownership information that we designate. All use of the Licensed Marks is subject to our prior written authorization.

As we disclose in Item 1, as of the Issuance Date of this Disclosure Document, our TYG Affiliate owns all of the intellectual property associated with THE YARD GYM. Our TYG Affiliate owns an International Registration for THE YARD (IR Reg. No. 1707963) and THE YARD GYM (IR Reg. No. 1773732) for fitness services, and has granted us a world-wide, non-exclusive, perpetual license of their right, title and interest in the Licensed Marks for the purpose offering sublicenses to THE YARD GYM franchisees in the United States. Neither our agreement with our TYG Affiliate nor any other agreement significantly limits our right to use or right to license the use of all of the elements and features of the System, including Company's Intellectual Property and the Licensed Marks, in any manner material to the franchise. Our agreement with our TYG Affiliate provides that if our license with our TYG Affiliate terminates for any reason, our TYG Affiliate will assume our obligations under any then-outstanding Franchise Agreements to avoid a disruption in your right to use the Licensed Marks. However, neither our TYG Affiliate nor TYG Affiliate is a guarantor of our obligations to you under our Franchise Agreement with you and you are not a party to the agreements that we have with our affiliates.

In the Franchise Agreement, you acknowledge that, between the two of us, we own superior rights in the Licensed Marks. You agree that you will not do anything inconsistent with our rights. You may not challenge our ownership, rights or the validity of the Licensed Marks. You must permit reasonable inspection of your operations and supply us with specimens of all uses of the Licensed Marks on request. You may not use the Licensed Marks in advertising or marketing materials unless and until we approve the materials beforehand.

You agree that the nature and quality of all products and services that you sell at or from your Franchised Gym or in using the Licensed Marks and all related advertising, promotional, and other activities that you engage in that associate you and your Franchised Gym with the Licensed Marks must conform to the standards for quality and other specifications that we establish.

We offer and sell TYG TRAINING franchises in the state of Illinois because we are not permitted to operate or franchise gyms doing business as THE YARD GYM in the state of Illinois. On December 9, 2022, our Bova Parent filed an application to register THE YARD as a word mark on the Principal Register of the USPTO for clothing in Class 25 and fitness services in Class 41 (SN 79/360489). Subsequent to this filing, as we disclose in Item 1, in 2023, our Bova Parent assigned all of its right, title and interest in and to THE YARD GYM intellectual property to our TYG Affiliate, which included this THE YARD application. On October 4, 2023, the USPTO issued a non-final refusal of the application to register THE YARD citing prior registrations issued to the owner of the trademark, "THE YARD PEORIA" ("Peoria Mark"), for a business unlike ours which it describes on its website (https://www.theyardpeoria.com/) as a "one-of-a-kind" indoor practice complex providing nearly 60,000 square feet of artificial turfed space to accommodate lessons, field rentals, and clinics for athletes and teams of all ages and skill levels. The owner of the Peoria Mark currently operates a single location in Peoria, Illinois. On March 28, 2024, we and the owner of the Peoria Mark entered into a Consent and Coexistence Agreement where our TYG Affiliate has agreed that neither it, nor its affiliates, nor our franchisees will use any THE YARD-formative trademark to operate a brick and mortar gym or athletic facility in the state of Illinois, but may do so in connection with online-only activities including retail sales and social media. The owner of the Peoria Mark has signed a Letter of Consent with the USPTO acknowledging that use of THE YARD GYM outside of Illinois is unlikely to cause confusion with the Peoria Mark, and representing that it will not oppose our TYG Affiliate's new application filed on December 23, 2023 with the USPTO for THE YARD GYM for fitness services in Class 41 (SN 79/388402), in exchange for which our TYG Affiliate will let its previously filed trademark application (SN 79/360489) lapse. The upshot of the Consent and Coexistence Agreement is that the owner of the Peoria Mark will not challenge our or our franchisees' use of "THE YARD GYM" to identify gyms operating everywhere in the United States except in the state of Illinois. On August 8, 2024, the USPTO issued an office action warning that the registration of the trademark application for THE YARD GYM (Serial No. 79388402) for fitness services could be refused registration on the basis of a prior filed application for the mark THE YARD AT WATERSET (Serial No. 97536612). We are in the process of determining how best to respond to this objection.

Besides the rights of the owner of the USPTO registration for the trademark, "THE YARD PEORIA," we are aware of others using THE YARD and THE YARD GYM for services similar to us, but we do not believe that any user has superior rights to us or, if they do, we do not believe their rights could affect your use of our principal trademarks in the market area in the state where you operate your Franchised Gym because we will not knowingly authorize the operation of a Franchised Gym in the market area of a prior user. We are not aware of any infringing uses of our principal trademarks that could materially affect your use of our Licensed Marks in the market area in the state where you operate your Franchised Gym.

You must notify us immediately if you learn about (i) any improper use of the Licensed Marks, (ii) a third party's use of a mark or design that is confusingly similar to any of the Licensed Marks, or (iii) any challenge to your use of any of the Licensed Marks. We will take whatever action we think is appropriate under the circumstances (including taking no action), and will control the prosecution, defense or settlement of any legal action. You must cooperate and assist us in defending our rights in the Licensed Marks with regard to any third-party claims. You and your owners and management must agree not to communicate with any person other than us and our counsel about any infringement, challenge or claim. You may not take any action in your own name. Unless we establish that a third-party claim is due to your misuse of the Licensed Marks, we will defend you in matters relating to your proper use of the Licensed Marks. However, we will not reimburse you for any lost profits or consequential damages and will only

reimburse you for any actual expenses that you incur to change your signs and other uses of the Licensed Marks if we agree to cease using all, or particular elements of the Licensed Marks as part of the resolution of the third party claim.

You must modify or discontinue using any aspect of the Licensed Marks, and add new names, designs, logos or commercial symbols to the Licensed Marks as we instruct. We may at our sole discretion, impose changes whenever we believe the change is advisable. We do not have to compensate you for any costs you incur to make the changes we require. You will receive written notice of any change, and will be given a reasonable time to conform to our directions including changing signs, labels and tags attached to Branded Retail Merchandise, or any display of the Licensed Marks on marketing materials, the Franchised Gym Subpage that we host on the TYG Website, or on any other tangible property in your Franchised Gym at your expense.

We forbid you to use the Licensed Marks in any electronic mail address or in any domain name other than the one that we authorize you to use. You may not maintain your own website to promote your Franchised Gym. Other than the Franchised Gym Subpage that we provide you with that is linked to the TYG Website, you may not maintain a presence or advertise on the Internet or on any other public computer network, or any other kind of public modality using the Licensed Marks or referencing your Franchised Gym or any Network Gyms without our prior written consent, which may be withheld in our sole judgment. This restriction applies to use of the Licensed Marks on third party social media websites like Facebook, Instagram, and twitter. We will provide you with a specific social media "handle" or user name, which is the only one that you may use to identify your Franchised Gym.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

At this time, neither we nor our affiliates own any patents that are material to the franchise.

Although we have not filed an application with the United States Copyright Office to copyright the Brand Standards Manual, the TYG Website content, or any advertising or marketing materials, we claim common law copyright rights in these materials and regard them as our proprietary information.

You may use the Brand Standards Manual, our advertising and marketing materials, and any other confidential or proprietary information that we choose to share with you only to operate and promote your Franchised Gym during the term of the Franchise Agreement and only in the manner that we authorize. You may not duplicate, copy, disclose or disseminate the contents of the Brand Standards Manual or other proprietary or confidential information without our consent beforehand.

We may modify the Brand Standards Manual at any time. We will notify you of all changes in writing and allow you a commercially reasonable amount of time to adopt the changes at your cost. When the Franchise Agreement expires or terminates, depending on the format that we furnish the Brand Standards Manual, you must physically return all copies in your possession or delete electronic content from your computers and not retain any copies. You must keep the Brand Standards Manual confidential, updated and, depending on the format that we furnish it, in a secure or locked receptacle when not in use. If there is a dispute over the current version of the Brand Standards Manual, the terms of our master copy will control.

We are not aware of any agreements or third-party claims of infringement that might limit our, or your, use of our confidential information. We are not aware of any current determinations of the Copyright Office or any court, or any pending interference, opposition or cancellation proceedings or material litigation involving any information or materials in which we claim a copyright or regard as proprietary or as our trade secret.

All confidential information that we identify and share with you is part of the System. You may not divulge confidential information except to your employees and professional advisors who must know the information to carry on their employment duties or render professional advice to you. We may require those individuals to whom you must disclose confidential information to sign a confidentiality agreement with you or us that will include the non-disclosure provisions in the Consolidated Agreement (**Schedule B** to the Franchise Agreement), which gives us the right to seek equitable remedies, including restraining orders and injunctive relief, to prevent the unauthorized use of our confidential information.

You are encouraged to bring your own ideas and suggestions to us for our consideration and we will decide if we wish to implement the idea or improvement into the System. You may not implement ideas or improvements that materially alter the System without our prior written consent. As a condition of our approval, the Franchise Agreement provides that you quitclaim to us all rights that you may have in and to the idea or improvement as our exclusive property. You must execute the agreements that we believe are necessary to give us exclusive ownership of the improvements, without compensation, and agree that we may use and incorporate the improvements and any ideas that you may originate in the System without compensation.

The disclosures that we make in Item 13 regarding your duty to notify us about improper uses, infringement claims and challenges to your use of the Licensed Marks apply to all other intellectual property rights that we include in the term "Company's Intellectual Property." If you bring a third party claim to

our attention that involves other Company's Intellectual Property (other than claims involving the Licensed Marks which we address in Item 13), we will take whatever action we think is appropriate under the circumstances (including taking no action), and will control the prosecution, defense or settlement of any legal action. You must cooperate and assist us in defending our rights in the materials or information that we claim is our property. You and your owners and management must agree not to communicate with any person other than us and our counsel about any infringement, challenge or claim. You may not take any action in your own name. Unless we establish that a third-party claim is due to your misuse of the subject Confidential Information, we will defend you in matters relating to your use of the System. However, we will not reimburse you for any lost profits or consequential damages of any kind and will only reimburse you for the amount of any settlement or liability imposed by the court and any for any actual expenses that you incur to change your operations to discontinue use of any infringing materials if we agree to do so as part of the resolution of the third party claim.

Item 17 discloses additional information about noncompetition agreements.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

A franchisee must be a business entity in good standing and may not engage in any other business activities unrelated to owning and operating a Franchised Gym.

Each person who owns 5% or more of the equity or voting interests of the Franchisee business entity ("Equity Holder") must sign the Consolidated Agreement (**Schedule B** to the Franchise Agreement) agreeing to be jointly and individually liable for all of your obligations of the Franchisee business entity under each Franchise Agreement as well as to nondisclosure and noncompetition agreements. Equity Holders are treated as Covered Persons and presumed to have access to our Confidential Information. The obligation to sign our the-current form of Consolidated Agreement applies also to persons who acquire a 5% or greater interest after the Franchisee business entity signs the Franchise Agreement.

The spouse of an Equity Holder must sign a Spousal Consent (**Schedule C** to the Franchise Agreement) acknowledging that their spouse's obligations under the Franchise Agreement as a guarantor are binding on the marital community property.

You must identify at least one Equity Holder who owns at least 20% of the outstanding equity of the business entity franchisee ("Primary Owner") as our primary point of contact for interactions involving the Franchise Agreement. Your Primary Owner must complete our Initial Training Program and devote the requisite time, energy, and best efforts to enable you to meet your obligations to us under the Franchise Agreement.

At all times, your Franchised Gym must be under the direct, full-time supervision of a General Manager. While we recommend that a Primary Owner qualify as a General Manager, we do not require that your General Manager be a Primary Owner. We define a "General Manager" as a management level employee who devotes their full time and attention to supervising the day-to-day operations of your Franchised Gym and successfully completes the Initial Training Program even if the General Manager does not plan to teach fitness classes or work as a personal training instructor. If the Primary Owner does not serve as your Franchised Gym's General Manager, the Primary Owner is responsible for supervising the performance of your General Manager. The same General Manager may simultaneously serve as the designated General Manager for up to 5 Franchised Gyms that you or an affiliate of yours own. However, a General Manager may not simultaneously serve as the designated General Manager for Network Gyms owned by different franchisees that are not affiliates of each other through equity ownership.

As the independent owner of your Franchised Gym, you control the manner and means of operating your Franchised Gym and have sole responsibility for all of your staff members whether you classify them as your employees or independent contractors. You alone will make all hiring and firing decisions and establish your own employment and engagement policies. All individuals who work at your Franchised Gym must be competent, conscientious, and properly trained by you to perform their duties. You are ultimately responsible for the performance of your employees and contractors.

Individuals who qualify as a "Covered Persons" are subject to additional restrictions against competition that we describe in Item 17 of this Disclosure Document. The Franchise Agreement defines "Covered Person" to mean (i) the business entity that executes the Franchise Agreement as Franchisee; (ii) each affiliate of the Franchisee business entity; (iii) each member of your executive management and each Equity Holder of Franchisee defined as someone owning 5% or more of the equity or voting rights of the Franchisee business entity; (iv) each person who holds a management-level position in any affiliate of

the Franchisee business entity or who owns is an Equity Holder (owner of 5% or more of the equity of an affiliate of the Franchisee business entity); and (v) the spouse, adult children, parents or siblings of the individuals included in (iii), (iv) and (v). Covered Person means an individual or business entity that falls within the identified categories either on the Effective Date or later during the Term of this Agreement. Each Covered Person will sign the Consolidated Agreement (**Schedule B** to the Franchise Agreement). However, they are not bound by the personal guaranty obligations in the Consolidated Agreement unless the Covered Person is also an Equity Holder.

Each of your owners, employees, independent contractors, and agents who is given access to any information that we consider our Confidential Information must enter into a written confidentiality agreement either with us or with you. They will sign the Consolidated Agreement (**Schedule B** to the Franchise Agreement). However, they are not bound by (i) the personal guaranty obligation in the Consolidated Agreement unless they are also an Equity Holder; or (ii) the non-competition agreements in the Consolidated Agreement unless they are also a Covered Person.

You are an independent contractor and not our representative, partner or employee. You have no authority to make any contract, agreement, warranty or representation or to create any obligation binding on us. You must prominently display appropriate notices in a format that we designate to inform the public that you independently own and operate your Franchised Gym under a license from us and are not our agent.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Your Franchised Gym must be open for business every day of the week except on the approved holidays identified in the Brand Standards Manual and for no less than the minimum number of hours prescribed in the Brand Standards Manual per day, unless you obtain our prior written approval to close on a specific date or unless operating on a specific day is prohibited by the lease. If you meet these conditions, you may determine the specific daily operating hours of your Franchised Gym and the schedule of group fitness classes. You must notify us of class cancellations after publicizing the class schedule. You must publicize your Franchised Gym's operating hours and class schedule in the manner required by the Brand Standards Manual, and be open and fully prepared to conduct business during all posted operating hours.

In operating your Franchised Gym, you must offer all "Authorized Services," which the Franchise Agreement defines to mean, gym and fitness services and running approved group fitness classes, sale of Branded Retail Merchandise, and other mandatory activities that we authorize TYG TRAINING franchisees in the state of Illinois to offer their clients. We may revise the list of "Authorized Services" at any time and will allow you a commercially reasonable amount of time to implement changes. If there are other activities that you would like to engage in or offer your clients, you must obtain our prior written approval, which we may withhold in our sole discretion. You may not create or add any additional classes, workshops, or special fitness programs that deviate from our standard group fitness classes without our prior approval. You may not use your Franchised Gym as a storefront to sell or promote any goods besides Branded Retail Merchandise.

Among other changes that we may implement, we may modify the specific exercise routines or change the fitness methods that we teach, add new types of fitness classes, or expand the types of fitness regimens that we offer; modify Branded Retail Merchandise styles by adding new lines and discontinuing other goods; add new Designated Goods/Services, discontinue approving certain designated suppliers of Designated Goods/Services, and substitute new suppliers or recommended different vendors of Non-Designated Goods/Services; and modify appearance and trade dress elements and sign requirements. All of these changes may increase your operating expenses. We communicate all changes by written or electronic bulletins or revisions to the Brand Standards Manual. There is no limit on the frequency that we may impose these modifications. You will be given a reasonable time period after notice from us in which to implement these changes and discontinue any practices that we delete from the System. You may not place new orders with any third-party suppliers or vendors after we remove them from our approved list.

You may only offer Approved Services at the Approved Location and not elsewhere or, in the case of Branded Retail Merchandise sales, not from any alternative trade channel or website.

Otherwise, we do not impose any restrictions regarding the clients to whom you may sell authorized products and services.

We own all "Client Data" pertaining to your clients even if your efforts are solely responsible for recruiting the client. "Client Data" means information regardless of how it is collected, recorded or stored that provides contact information including name, address, phone and fax numbers, and e-mail addresses, sales or payment history, or personally identifiable or pertinent information about any person who is an existing or prospective client of your Franchised Gym. We allow you to use Client Data during the term of the Franchise Agreement to perform and deliver Authorized Services to clients of your Franchised Gym. We consider Client Data as our Confidential Information.

We may use the Marketing Fund to conduct advertising that mentions suggested resale prices. We may implement policies regarding minimum and maximum prices consistent with applicable law. Otherwise, you will establish your own prices.

Your operations must comply with all applicable laws. These include the laws and licensing requirements that we describe in Item 1. You must investigate what laws apply to your business and ensure that you comply with them.

We have the absolute right to modify the System at any time including changing design and appearance requirements, trade dress elements, layout, fitness and other equipment, leasehold improvements, imaging requirements, signs, and accounting and recordkeeping systems applicable to a Network Gym. We will communicate changes through updates to the Brand Standards Manual or written or electronic communications. You will have a reasonable amount of time to conform to all System changes at your sole expense. However, we agree that, excluding modifications that you must make as a condition of exercising a renewal option, you are not required to spend more than $20,000 in any calendar year from and after the Opening Date of your Gym, prorated for any partial period. The duty to make upgrades that we introduce does not modify your ongoing duty to keep the Franchised Gym in continuous good condition and repair, ordinary wear and tear excepted as a first class fitness facility. We exclude expenses that you incur for repair and maintenance from the annual maximum that you must spend to make System upgrades.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

The Franchise Relationship

These tables list 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 Agreement	Summary
A. Length of the franchise term	5.1	The initial term begins when you sign the Franchise Agreement and ends five (5) years from the Opening Date. The initial term is not longer than five (5) years.
B. Renewal or extension of the term	5.2	Two consecutive renewal options, each for 5 years, beginning the day after the end of the initial term or first renewal term.
C. Requirements for franchisee to renew or extend	5.3	Your right to exercise each renewal option depends on whether we are still offering new THE YARD GYM or TYG TRAINING franchises in the United States when you give us notice that you wish to exercise the renewal option. We may discontinue THE YARD GYM and TYG TRAINING franchise programs in the United States at any time. In that case, your franchise rights will expire at the end of the initial franchise term. In order to exercise each renewal option, you must give us written notice of your exercise of the option at least 9 months, but not more than 12 months before the expiration of the initial term; be in good standing under the expiring Franchise Agreement; sign our then-current Franchise Agreement; satisfy our then-current design, appearance and trade dress elements for the Network Gyms; if upgrades to fitness equipment are necessary, buy a new equipment pack from us and install all new equipment; pay the renewal fee; complete any special training that we require for renewing THE YARD GYM or TYG TRAINING franchisees in the United States; and sign a general release. You must also negotiate with the landlord to extend your occupancy rights for the entire renewal term or relocate your Franchised Gym to a new location with our approval. In each case, the landlord must sign our then-current Addendum to Lease. You must sign the renewal Franchise Agreement within 30 days after we deliver it to you. The then-current Franchise Agreement that you sign may contain materially different terms and conditions than the expiring Franchise Agreement.
D. Termination by franchisee	15.1	You may terminate the Franchise Agreement only if we fail to cure or begin to cure a material breach that you allege we have committed within 30 days after receiving your notice of default, or as permitted by applicable state law

Provision	Section in Franchise Agreement	Summary
E. Termination by franchisor without cause	Not applicable	Termination without cause is only possible by mutual agreement.
F. Termination by franchisor with cause	15.2	We may only terminate the Franchise Agreement for good cause based on your material default. Certain material defaults are curable while others are not curable.
G. "Cause" defined – curable defaults	15.3	Except for defaults that the Franchise Agreement identifies are not curable, you have 30 days after written notice to cure all defaults, except that you have 10 days after written notice to cure a monetary default.
H. "Cause" defined – non-curable defaults	15.2(a)	The Franchise Agreement identifies the following defaults as not curable in which case termination is effective when you receive a notice of default: Your failure to obtain site approval for the Approved Location and sign a lease and Addendum to Lease within 180 days after the date you sign the Franchise Agreement; your breach of the lease or loss of the right to occupy the Approved Location for cause; your bankruptcy or insolvency; your assignment for the benefit of creditors; if a liquidator or receiver is appointed for all or substantially all of your Franchised Gym assets unless the appointment is dismissed within 60 days; a material misrepresentation or omission in your application for the franchise rights; your conviction or plea of no contest to a crime or offense that we reasonably believe is likely to adversely affect the reputation of THE YARD GYM or TYG TRAINING businesses; if you fail to comply with any law within 10 days after being notified of non-compliance; an unauthorized transfer; misuse of the Brand Standards Manual, the Licensed Marks or any other confidential information; receipt of 3 or more notices of default within any 24-month period; the unauthorized closure of your Franchised Gym or failure to actively operate your Franchised Gym for any length of time under circumstances making it reasonable for us to assume you have abandoned your Franchised Gym; false reporting; or your acts or inactions resulting in an imminent danger to public health or safety at your Franchised Gym. Additionally, your failure fail to comply with the Minimum Performance Requirement that we describe in Item 12 for (i) 5 or more days during any month when your Franchised Gym is open for business; (ii) any 2 consecutive months; or (iii) any 3 months during any consecutive 6 month period is grounds permitting us to terminate the Franchise Agreement without providing you with a cure opportunity. Termination of a Franchise Agreement will not automatically result in the termination of any other Franchise Agreements then in effect between us for another Franchised Gym unless the same material breach constitutes a breach of the other Franchise Agreement and we follow the termination procedures in each Franchise Agreement.

Provision	Section in Franchise Agreement	Summary
I. Franchisee's obligations on termination/non-renewal	16.1	Your obligations on termination or expiration of the Franchise Agreement include the following: You must (i) de-identify your Franchised Gym; (ii) give us the right to repurchase your fitness equipment and other tangible personal property at your book value (original cost less any depreciation taken consistent with generally accepted accounting principles); (iii) cease selling any remaining inventory of Branded Retail Merchandise and allow us to purchase your salable inventory at your original cost; (iv) remove or stop using any property including signs and interior décor items that suggest or imply that you are, or were, an authorized franchisee or a former Franchised Gym or are still associated with us or the System; (v) sign a general release; (vi) give us the right to assume your lease under the terms of the Addendum to Lease (**Exhibit D**); (vii) assign your telephone numbers and business listings to us if we request; (viii) pay us all sums that you owe to us or our affiliates through the effective date of termination or expiration and any damages that we sustain in enforcing the post-termination/expiration provisions of the Franchise Agreement; and (ix) return or destroy the contents of the Brand Standards Manual that you have printed or we have furnished in a "hard copy." You must pay us Liquidated Damages in an amount determined by the formula explained in Item 6 If we exercise our right to purchase your fitness equipment, other tangible personal property, or salable inventory of Branded Retail Merchandise, we may offset from what we pay you any amounts that you owe to us. In addition to repurchasing your fitness equipment, other tangible personal property, or Branded Retail Merchandise inventory in salable condition, the Franchise Agreement gives us a right of first refusal to purchase the non-fixture physical assets of your Franchised Gym on termination or expiration of the Franchise Agreement. If we exercise our purchasing options, we may offset any other fees or sums that you owe to us from the purchase price.
J. Assignment of contract by franchisor	17.1 22.5	There are no restrictions on our right to assign the Franchise Agreement, except that our obligations must be fully assumed by our buyer or successor.
K. "Transfer" by franchisee: definition	17.3 17.7	The Franchise Agreement is a personal service contract. We forbid any kind of Event of Transfer, whether done voluntarily or by operation of law, unless you first obtain our written consent. The Franchise Agreement defines "Event of Transfer" to include your assignment of the Franchise Agreement, the transfer of substantially all of your Franchised Gym assets, or a change in control in the equity of a Franchisee business entity.

Provision	Section in Franchise Agreement	Summary
		The Franchise Agreement also regulates: "Qualified Transfers." A "Qualified Transfer" is an Event of Transfer where there is no Change of Control, but results in changes in the Equity Holders that require the execution of new Consolidated Agreements (**Schedule B** to the Franchise Agreement). We impose a reduced transfer fee in connection with a Qualified Transfer and do not retain a right of first refusal in connection with a Qualified Transfer.
L. Franchisor approval of transfer by franchisee	17.3(a)	Any Event of Transfer requires our written consent beforehand, which we agree not to unreasonably withhold.
M. Conditions for franchisor approval of transfer	17.5	The proposed buyer must submit an application to us and meet our current qualifications for new THE YARD GYM and TYG TRAINING franchisees in the United States. In addition, the proposed buyer must sign our then-current Franchise Agreement and related agreements (which may materially vary from your Franchise Agreement) for a term that is equal in duration to the remaining term of your Franchised Agreement and, if unexercised, the renewal term. You or the proposed buyer must pay us the applicable transfer fee. The proposed buyer's Primary Owner must complete our then-current Initial Training Program and qualify at least one person as a General Manager. You must sign a general release. These conditions do not apply to a Qualified Transfer.
N. Franchisor's right of first refusal to acquire franchisee's business	17.4	We can match any third party offer to buy your franchise rights, assets or controlling interest which is the subject of a proposed Event of Transfer. We have 30 days in which to exercise our right of first refusal. We do not have a right of first refusal when the Event of Transfer is a Qualified Transfer.
O. Franchisor's option to purchase your business	16.3	Upon termination or expiration of the Franchise Agreement, we may, at our option, not only purchase your fitness equipment, other tangible personal property, or salable inventory of Branded Retail Merchandise, but also any non-fixture physical assets of your Franchised Gym at their depreciated book value. If we exercise our option, we may offset any sums that you owe to us from the purchase price and require you to assign us your leasehold interest under the terms of the Addendum to Lease (**Exhibit D**).
P. Death or disability of franchisee	17.8	Because the Franchise Agreement is a personal service contract, we treat the death of a Primary Owner that results in a change in the ownership of a controlling interest of a

Provision	Section in Franchise Agreement	Summary
		franchisee business entity as an Event of Transfer subject to all transfer conditions. We also regard the permanent incapacity of a General Manager as an Event of Transfer if there is no other General Manager employed by you at the time. You must replace a General Manager who is unable to fulfill their duties due to disability with another General Manager who qualifies. The Franchise Agreement gives us the option to manage your Franchised Gym for up to 180 days immediately following the death or a permanent incapacity of the Primary Owner who owns a controlling interest or the General Manager under circumstances where there is no other qualified General Manager to take over and we believe the remaining members of your management team lacks the financial ability or business skills to operate your Franchised Gym in accordance with the Franchise Agreement. We retain the right to manage your Franchised Gym to facilitate an orderly transition of ownership with minimal disruption to your Franchised Gym's continuous operation and client relationships and to avoid any damage to the brand reputation. If we assume management responsibility, you must pay us a Management Fee. We may extend this management period for up to a year by mutual agreement.
Q. Non-competition covenants during the term of the franchise	14.1	The Franchise Agreement forbids you and each Covered Person during the term of the Franchise Agreement from directly or indirectly engaging in a Competitive Business. We define "Covered Person" in Item 15. The Franchise Agreement defines a Competitive Business as any business (whether owned by a business entity or as a sole proprietorship) that by any method, means or technology, whether it exists today or is developed in the future, derives at least 20% of its total Gross Revenue from the (i) manufacture or sale of any type of functional and weightlifting fitness and exercise equipment at retail or wholesale; or (ii) the delivery of physical fitness instruction to the general public of any kind including one-on-one personal training. The restriction against competition applies world-wide during the term of the franchise or for 2 years after a Covered Person severs their relationship with you.
R. Non-competition covenants after the franchise terminates or expires	14.1(b) 14.4	The Franchise Agreement forbids you and each Covered Person from directly or indirectly engaging in a Competitive Business that is located within 5 miles of another Franchised Gym anywhere in the world whether or not your Franchised Gym was open for business on the date your Franchise Agreement terminates or expires or opens at a later date. This restriction applies for 2 years after the termination or expiration of the Franchise Agreement.

Provision	Section in Franchise Agreement	Summary
S. Modification of the agreement	22.7	The Franchise Agreement may not be modified except by a written agreement that both of us sign. As noted throughout this Disclosure Document, the Franchise Agreement, among other things, gives us the right to modify or change the System in our discretion through changes in the Brand Standards Manual if the changes do not fundamentally alter your rights under the Franchise Agreement.
T. Integration/merger clause	22.9	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside of this Disclosure Document and other agreements may not be enforceable.
U. Dispute resolution by arbitration or mediation	20.1	With limited exceptions pertaining to claims for (i) damages under $10,000; (ii) injunctive relief or other forms of provisional remedies; or (iii) unlawful detainer or similar remedy available to a landlord, all disputes arising out of the Franchise Agreement must first be submitted to mediation. If mediation does not resolve the dispute, the matter must be resolved in court. Mediation must be held at our headquarters at the time in the United States. At this time, we anticipate locating our United States headquarters in the greater Los Angeles, California area. We may relocate our headquarters on at any time without prior notice to you and this will change the venue for mediation. Certain states have laws that may require that mediation be conducted in the franchisee's home state. See the State Addendum, **Exhibit H**.
V. Choice of forum	20.3	The Franchise Agreement has a forum selection provision which requires that a lawsuit to be filed in the state or federal courts located closest to our headquarters. Based on our plan to locate our United States headquarters in the greater Los Angeles, California area, the federal and state courts located closest to our headquarters will be the Superior Court of the County of Los Angeles, and the United States District Court of the Central District of California. We may relocate our headquarters on at any time without prior notice to you and this will change the venue for disputes. Certain states have laws that supersede the choice of forum in the Franchise Agreement and require that a lawsuit be brought in the state or federal courts in the franchisee's home state. See the State Addendum, **Exhibit H**.
W. Choice of law	20.6 22.6	California law applies. Certain states have laws that supersede the choice of law provision in the Franchise Agreement. See the State Addendum, **Exhibit H**.

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote our franchises, nor is there any public figure who is involved in any respect with the actual management or control of our company.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any financial performance 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 us at 1/2 Cawarra Road, Caringbah, Sydney, NSW 2229, Australia, franchise@theyardgym.com.au, attention Dan Bova, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Reference to "outlet" refers to a THE YARD GYM location. This is our initial offer of THE YARD GYM franchises in the United States. The information below pertains to THE YARD GYM locations in the United States. Our fiscal year is July 1 through June 30.

TABLE 1
System-wide Outlet Summary

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year*	Net Change
Franchised Outlets	2022	0	0	0
	2023	0	2	+2
	2024	2	2	0
Company-Owned Outlets	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	0	0	0
	2023	0	2	+2
	2024	2	2	0

*Numbers are reported through June 30, 2024.

TABLE 2
Transfers of Outlets from Franchisees to New Owners (other than to Us or Our Affiliates)

State	Year	Number of Transfers
All States	2022	0
	2023	0
	2024	0

States not listed had no operating outlets.

TABLE 3 Status of Franchised Outlets								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termi-nations**	**Non-Renewals**	**Re-acquired by Franchisor**	**Ceased Operation – Other Reasons**	**Outlets at End of Year**
CA	2022	0	0	0	0	0	0	0
	2023	0	+2	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Total	2022	0	0	0	0	0	0	0
	2023	0	+2	0	0	0	0	2
	2024	2	0	0	0	0	0	2

States not listed had no operating outlets.

TABLE 4 Status of Company-Owned or Affiliate-Owned Outlets							
Column 1 State	**Column 2 Year**	**Column 3 Outlets at Start of Year**	**Column 4 Outlets Opened**	**Column 5 Outlets Reacquired From Franchisees**	**Column 6 Outlets Closed**	**Column 7 Outlets Sold to Franchisees**	**Column 8 Outlets at End of the Year**
All States	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

States not listed had no operating outlets.

TABLE 5 Projected New Franchised Outlets			
State	**Franchise Agreements Signed But Outlet Not Opened as of June 30, 2024**	**Projected New Franchised Outlets Opening in Year ending June 30, 2025**	**Projected New Company – Owned Outlets Opening In Year ending June 30, 2025**
Arizona	0	2	0
California	0	3	0
Colorado	3	2	0
Florida	0	2	0
Maryland	0	1	0
Michigan	1	0	0
New York	0	1	0
Tennessee	0	1	0
Texas	4	3	0

TABLE 5 Projected New Franchised Outlets			
State	**Franchise Agreements Signed But Outlet Not Opened as of June 30, 2024**	**Projected New Franchised Outlets Opening in Year ending June 30, 2025**	**Projected New Company – Owned Outlets Opening In Year ending June 30, 2025**
Total	8	15	0

Exhibit J lists the operating THE YARD GYM locations in the United States as of the Issuance Date of this Disclosure Document and their owners.

There are no THE YARD GYM franchisees in the United States that have had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during a prior fiscal year or have not communicated with us during the 10 weeks before the Issuance Date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

We have not signed any confidentiality clauses with any current or former THE YARD GYM franchisees in the United States which would restrict them from speaking openly with you about their experience with us.

There are no trademark-specific franchisee organizations in the United States at this time that are associated with the System which we have created, sponsored, or endorsed.

ITEM 21

FINANCIAL STATEMENTS

Exhibit I are our audited financial statement for the period from May 5, 2023 (our inception) through June 30, 2024. Also attached are unaudited financial statements for the period from July 1, 2024 through August 31, 2024. Our fiscal year runs from July 1 through June 30.

ITEM 22

CONTRACTS

The material agreements that we use in this state are exhibits to this Franchise Disclosure Document as follows:

EXHIBIT C – Franchise Agreement
- Schedule A – Commercial Addendum
  - Attachment 1 – Names of Franchisee's Equity Holders
  - Attachment 2 – Names of Franchisee's Executive Management
  - Attachment 3 – Map of Territory
  - Attachment 4 – Insurance - Minimum Coverage Requirements; Recommended Coverage
- Schedule B – Consolidated Personal Guaranty, Confidentiality & Non-Competition Agreement ("Consolidated Agreement")
- Schedule C – Spousal Consent
- Schedule D – Addendum to Lease (see Schedule D to Franchise Agreement)
- Schedule E – State Addenda
- Schedule F – Conversion Addendum (for Conversion Operators only)

EXHIBIT D – Addendum to Lease (See Schedule D to the Franchise Agreement)
EXHIBIT E – General Release
EXHIBIT F – Consolidated Personal Guaranty, Confidentiality & Non-Competition Agreement (see Schedule B to Franchise Agreement)
EXHIBIT H – State Addendum and Amendment to Franchise Contracts for certain states
EXHIBIT M – Conversion Addendum to Franchise Agreement (for Conversion Operators only)

ITEM 23

RECEIPTS

The last 2 pages of this Disclosure Document are detachable receipt pages (**Exhibit N**). Please insert the name, address and telephone number of the franchise seller, and date and sign both copies. Detach the last page and return to us promptly on execution. Retain the other copy of the receipt pages for your records. If these pages or any other pages or exhibits are missing from your copy, please contact us at this address or phone number:

TYG Enterprises, LLC
1/2 Cawarra Road, Caringbah
Sydney, NSW 2229
Australia

Attention: Dan Bova
Telephone: 858-241-4134

franchise@theyardgym.com.au

EXHIBIT A

STATE ADMINISTRATORS

Listed below are the names, addresses and telephone numbers of the agencies having responsibility for franchising disclosure/registration laws in these states:

California State of California Department of Financial Protection and Innovation 320 W. 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 1 (866) 275-2677 ask.dfpi@dfpi.ca.gov	**Connecticut** The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8299
Hawaii Hawaii Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division State of Hawaii 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2744	**Illinois** Franchise Bureau Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
Indiana Franchise Section Indiana Securities Division Room E-111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681	**Maryland** Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-6360
Michigan Michigan Department of Commerce Corporation & Securities Bureau Attn: Franchise Section G. Mennen Williams Building, 1st Floor 525 West Ottawa Street Lansing, Michigan 48933 (517) 373-7117	**Minnesota** Minnesota Department of Commerce Franchise Section 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
New York Investor Protection Bureau NYS Department of Law 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8222	**North Dakota** North Dakota Securities Department State of North Dakota 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712

Oregon Department of Consumer & Business Services Division of Finance & Corporate Securities State of Oregon Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	**Rhode Island** Division of Securities John O. Pastore Complex Bldg. 69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 222-3048
South Dakota Division of Insurance Securities Regulation State of South Dakota 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	**Virginia** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th floor Richmond, Virginia 23219 (804) 371-9051
Washington Department of Financial Institutions Securities Division State of Washington 150 Israel Rd. SW Tumwater, Washington 98501 (360) 902-8738	**Wisconsin** Division of Securities Department of Financial Institutions Wisconsin Commissioner of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-8559

EXHIBIT B

AGENTS FOR SERVICE OF PROCESS

California	**Connecticut**
Commissioner of Department of Financial Protection & Innovation State of California 320 W. 4th Street, Suite 750 Los Angeles, California 90013-2344	The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800
Hawaii	**Illinois**
Hawaii Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division State of Hawaii 335 Merchant Street, Room 203 Honolulu, Hawaii 96813	Office of Attorney General State of Illinois 500 South Second Street Springfield, Illinois 62706
Indiana	**Maryland**
Secretary of State State of Indiana 201 State House 200 West Washington Street Indianapolis, Indiana 46204	Maryland Securities Commissioner Office of the Attorney General Securities Division 200 Saint Paul Place Baltimore, Maryland 21202-2020
Michigan	**Minnesota**
Michigan Department of Commerce Corporation & Securities Bureau G. Mennen Williams Building, 1st Floor 525 West Ottawa Street Lansing, Michigan 48933	Commissioner of Commerce Minnesota Department of Commerce Franchise Section 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198
New York	**North Dakota**
Secretary of State 99 Washington Ave Albany, New York 12231	North Dakota Securities Commissioner North Dakota Securities Department Fifth Floor 600 East Boulevard Avenue Bismarck, North Dakota 58505-0510

Rhode Island	**South Dakota**
Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Building 69-1 Cranston, Rhode Island 02920	Department of Labor & Regulation Division of Insurance – Securities Regulations 124 S. Euclid, Suite 104 Pierre, South Dakota 57501
Virginia	**Washington**
Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219	Director of Financial Institutions Securities Division State of Washington 150 Israel Rd. SW Tumwater, Washington 98501
Wisconsin	
Office of the Secretary Wisconsin Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705	

EXHIBIT C

FRANCHISE AGREEMENT

TYG ENTERPRISES, LLC, a Delaware Limited Liability Company

THE YARD GYM FRANCHISE AGREEMENT

NAME OF FRANCHISEE: _____

TERRITORY (for reference purposes only): _____

STATE (for reference purposes only): _____

CHECK ONE:

☐ **This Franchise Agreement is being signed for an Initial Term.**

☐ **This Franchise Agreement is being signed for a Renewal Term.**

TABLE OF CONTENTS

FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is made on the date set out in **Section 1** of the **Commercial Addendum** attached to this Agreement as **Schedule A** ("**Effective Date**") by and between **TYG ENTERPRISES, LLC**, a Delaware limited liability company ("**Company**") and the party set out in **Section 2** of the **Commercial Addendum** ("**Franchisee**").

RECITALS

A. Company grants licenses for the right to own and operate a fitness training facility ("**Franchised Gym**") using the System as defined in this Agreement featuring high intensity anaerobic, strength building, endurance, and conditioning classes and programs for all fitness levels.

B. Franchisee desires to obtain a license to operate a Franchised Gym at the Approved Location identified in this Agreement, and Company is willing to grant a license to Franchisee on the terms and conditions of this Agreement including all Schedules to this Agreement which the parties incorporate by reference as part of the substantive terms of this Agreement.

NOW, THEREFORE, the parties agree as follows:

TERMS AND CONDITIONS

1. DEFINITIONS

Capitalized terms appearing in this Agreement are either defined where they are first used or have the following meaning:

1.1 "Abandoned" means Franchisee's failure to operate the Franchised Gym for a period of 5 consecutive days without Company's prior written consent for reasons not attributable to an event of Force Majeure, or any shorter period or any other acts or inactions that make it reasonable under the facts and circumstances for Company to conclude that Franchisee does not intend to continue to operate the Franchised Gym.

1.2 "Accounting Period" means the specific period that Company designates from time to time in the Brand Standards Manual or otherwise through written or electronic communications for purposes of Franchisee's financial reporting or payment obligations described in this Agreement. For example, an Accounting Period may, in Company's sole discretion, be based on a seven-day week (e.g., Monday through Sunday), a Calendar Month, a Calendar Quarter; a Calendar Year; or another period of time which may be subdivided into blocks of 4 or 5 weeks, or a shorter or longer time period that Company selects in its sole discretion. Company may designate different Accounting Periods for purposes of paying fees and for discharging reporting obligations under this Agreement.

1.3 "Addendum to Lease" means the written agreement by and between Franchisee and the landlord of the Approved Location in the form attached as **Schedule D** that adds specific terms and conditions required by Company to the Lease and grants Company the right, but not the obligation, to accept an assignment of the Lease under stated conditions. At a minimum, the terms and conditions shall (i) require the landlord to provide concurrent written notice to Company if the landlord serves Franchisee with notice of default under the Lease; (ii) give Company the right, but not impose the obligation, to cure the default under the Lease; (iii) establish the conditions under which Franchisee must assign its interest in the Lease to Company; (iv) provide that the Lease may not be materially modified with Company's prior written consent; and (v) allow Company to enter the Approved Location to inspect and verify Franchisee's compliance with this Agreement.

1.4 "Affiliate" means an entity that controls, is controlled by, or is under common control with, a party to this Agreement with reference to the definition of "Control" in this Agreement.

1.5 "Applicable Laws" mean and include the applicable common law and all statutes, laws, rules, regulations, ordinances, policies and procedures established by any governmental authority with jurisdiction over the

operation of the Franchised Gym that are in effect on or after the Effective Date, as they may be amended from time to time. Applicable Laws include those relating to building permits and zoning requirements applicable to the use, occupancy and development of the Approved Location; operation of businesses offering fitness instruction to the public; business licensing requirements; anti-terrorism; hazardous waste; occupational hazards and health; consumer protection; privacy; trade regulation; worker's compensation; unemployment insurance; withholding and payment of federal and state income taxes and social security taxes; collection and reporting of sales taxes; and the American With Disabilities Act.

1.6 "Approved Location" means the business premises approved by Company for the operation of the Franchised Gym that is the subject of this Agreement. For the avoidance of doubt, the Approved Location for purposes of this Agreement shall cover the same inside and outside areas identified as the premises in the Lease.

1.7 "Assumed Name" shall consist of the name THE YARD GYM together with the name of the city or commonly-used market reference for the location of the Approved Location and state, punctuated with a comma (for example, "THE YARD GYM Normal Heights, California").

1.8 "Authorized Services" mean collectively (i) the gym and fitness services, approved group fitness classes, sale of Branded Retail Merchandise, and other mandatory or optional activities that Company authorizes Network Members in the United States to offer their clients during the Term, which Company may revise at any time by giving Franchisee a commercially reasonable amount of time to implement changes; and (ii) any other activities that Company approves in writing for Franchisee to offer at the Franchised Gym following Franchisee's written request for approval.

1.9 "Bookkeeping Service" refers to the optional third-party bookkeeping company that Company designates which Franchisee may use to manage its accounts payable, provide payroll services, and prepare financial reports for the Franchised Gym required by this Agreement.

1.10 "Brand Standards Manual" refers collectively to the confidential and proprietary materials, directives, and instructions furnished in written or electronic format, posted to the Network Portal or communicated to Franchisee in some other way, containing mandatory policies and procedures for the operation of the Franchised Gym and articulating performance standards and requirements for fulfilling duties identified in this Agreement, including all updates, additions, and amendments that Company may make to these materials during the Term at any time in its sole discretion to reflect changes in the System.

1.11 "Branded Retail Merchandise" means collectively all fitness apparel, exercise equipment, water bottles, hats, beanies, towels, and other merchandise or accessory items that are proprietary or display the Licensed Marks that Company may introduce for retail sale at Network Gyms in the United States.

1.12 "Business Entity" means a corporation, limited liability company, partnership, limited liability partnership, trust or other type of legal entity which, under Applicable Laws, may enter into contracts in its own name.

1.13 "Business Operations Training" refers specifically to the module of the Initial Training Program that covers topics germane to the franchise relationship and Franchisee's duties under this Agreement, including "front of house" management, membership sales, accounting and reporting requirements, social media and Local Marketing policies and strategies; client service standards; Minimum Performance Requirement; and other attributes of the System.

1.14 "Calendar Month" means any one of the 12 Calendar Months of the Calendar Year starting on the first day of the Calendar Month.

1.15 "Calendar Quarter" means the 3-Calendar Month period ending on March 31, June 30, September 30 or December 31 of each Calendar Year.

1.16 "Calendar Year" means the 12-Calendar Month period starting on January 1 and ending on December 31.

1.17 "Client Data" means information regardless of how it is collected, recorded or stored that provides contact information, including name, address, phone and fax numbers, and e-mail addresses, sales or payment history, or personally identifiable or pertinent information about any person who is an existing or prospective client of the Franchised Gym.

1.18 "Coach Training" refers specifically to the module of the Initial Training Program that explains the fitness goals of Company's group classes and techniques for training Franchisee's personal training staff in effective communication and motivational skills consistent with Company's customer services standards in working with Franchised Gym clients on proper form and progress skills to enhance client outcomes.

1.19 "Commercial Addendum" refers to **Schedule A** to this Agreement setting out the key terms of this Agreement.

1.20 "Company's Intellectual Property" means the following intangible property and similar types of proprietary rights, interests and protections available under Applicable Laws that currently exist or come into being after the Effective Date pertaining to: (i) the Licensed Marks, trade dress and other proprietary indicia of goods and services, whether registered, unregistered or arising by law, and all registrations and applications for registration of such trademarks, including intent-to-use applications, and all issuances, extensions and renewals of such registrations and applications; (ii) domain names whether or not they incorporate the Licensed Marks or are registered by any authorized private registrar or governmental authority; (iii) original works of authorship in any medium of expression, whether or not published, all copyrights (whether registered, unregistered or arising by law), all registrations and applications for registration of such copyrights, and all issuances, extensions and renewals of such registrations and applications; (iv) Confidential Information; (v) source codes for proprietary software that Company may incorporate into the Computer System; (vi) business methods utilized by Company in operating Network Gyms incorporated in the System; (vii) moral rights under Applicable Laws; and (viii) patented and patentable designs and inventions, all design, plant and utility patents, letters patent, utility models, pending patent applications and provisional applications and all issuances, divisions, continuations, continuations-in-part, reissues, extensions, re-examinations and renewals of such patents and applications. For the elimination of doubt, the term "Company's Intellectual Property" includes all of the trade dress, trade secrets and other forms of property or legal rights subsumed within the defined terms System, Licensed Marks and Confidential Information as they currently exist or come into being after the Effective Date.

1.21 "Company's Website" refers specifically to www.theyardgym.com.au or any other URL address or addresses that Company may designate.

1.22 "Competitive Business" means any business that by any method, means or technology, whether it exists today or is developed in the future, derives at least 20% of its total Gross Revenue from the (i) manufacture or sale of any type of functional or weightlifting fitness and exercise equipment at retail or wholesale; or (ii) the delivery of any kind of physical fitness instruction to the general public, including one-on-one personal training.

1.23 "Computer System" means, collectively, the computer hardware equipment, Internet-based software applications, and supporting peripheral devices that Company specifies by brand, model, supplier, features, functions or other types of specifications that Franchisee must use to operate the Franchised Gym, record and store operating and Client Data, communicate with Company or prospective or existing clients of the Franchised Gym, and complete transactions. The Computer System includes all software that Company designates that Franchisee must use to run the Franchised Gym whether the software is proprietary and developed by or for Company or non-proprietary and owned by a third party and licensed to Franchisee. Company may revise the specifications for the Computer System as frequently as Company deems necessary in its sole discretion during the Term and may replace non-proprietary hardware or non-proprietary operating software respectively with proprietary hardware or proprietary software applications created or developed specifically for the benefit of Network Gyms.

1.24 "Confidential Information" includes, without limitation, knowledge and information which Franchisee knows, or should reasonably know, Company regards as confidential concerning (i) decisions regarding specific fitness methodologies and workout routines that Company requires franchisees to include in fitness classes offered to the public; (ii) Company's relationships with designated, recommended and approved suppliers;

(iii) specifications for Designated Goods/Services, including Branded Retail Merchandise; (iv) trade dress, design and appearance standards for Network Gyms, including signs and other property that display the Licensed Marks; (v) pricing, sales, profit performance or other results of operations of any individual Network Gym, including the Franchised Gym, or group of Network Gyms or the entire chain worldwide; (vi) demographic data for determining an Approved Location or Territory; (vii) strategic growth and competitive strategies; (viii) the design and implementation of marketing initiatives and the results of client surveys and marketing and promotional programs; (ix) non-public information pertaining to Company's Intellectual Property and any proprietary software applications that Company incorporates into the Computer System and requires Franchisee to use to operate the Franchised Gym; (x) Client Data for clients and members of Network Gyms; and (xi) in general, ideas, methods, trade secrets, specifications, client and supplier data, plans, cost data, procedures, information systems and knowledge about the operation of Network Gyms or the System, whether the knowledge or information is now known or exists or is acquired or created in the future, patentable, included in the Brand Standards Manual, or expressly identified as confidential, that could, or does, give Company a competitive advantage because it is not generally known to the public or readily ascertainable by others through proper means. However, information shall not be classified as "Confidential Information" if (1) Franchisee can demonstrate that the information lawfully came to its attention independent of entering into this Agreement and not as a result of Franchisee's wrongful disclosure (whether or not deliberate or inadvertent); or (2) is, or has become, generally known in the public domain.

1.25 "Confidentiality Agreement" refers to the portions of **Schedule B** forbidding disclosure of Company's Confidential Information.

1.26 "Consolidated Agreement" refers to the Consolidated Personal Guaranty, Non-Competition Agreement, and Confidentiality Agreement appearing at **Schedule B**.

1.27 "Control" means the possession of the direct or indirect power to direct or cause the direction of the management and policies of a Business Entity, whether through the ownership of voting securities, by contract or otherwise.

1.28 "Covered Person" means (i) the Business Entity executing this Agreement as Franchisee; (ii) each Affiliate of Franchisee; (iii) each member of Franchisee's Executive Management and each Equity Holder of Franchisee; (iv) each person who holds a position in any Franchisee Affiliate organization equivalent to Franchisee's Executive Management or who owns 5% or more of the outstanding voting stock or other equity interest of the Affiliate; and (v) the spouse, adult children, parents or siblings of the individuals included in (iii), (iv). Covered Person means an individual who falls within the identified categories either on the Effective Date or later during the Term of this Agreement.

1.29 "Designated Goods/Services" collectively refers to any goods or services: (i) where Company designates a mandatory supplier for the goods or services with which Franchisee must do business, which may be Company or Company's Affiliate; (ii) where, in the case of goods, the goods are produced by or for Company according to Company's specifications or formulation; or (iii) that display the Licensed Marks even if the goods or services are not manufactured or produced for Company or to Company's specifications. Examples of Designated Goods/Services on the Effective Date include the fitness equipment that we sell to you as part of the Equipment Package and Branded Retail Merchandise. Company may revise the Designated Goods/Services during the Term in accordance with the procedures in this Agreement.

1.30 "Effective Date of Expiration of this Agreement" is the last day of the Term.

1.31 "Effective Date of Termination of this Agreement" means one of the following depending on the particular circumstances: (i) with respect to an event of default that this Agreement identifies is not curable, the date when a party is deemed to receive written notice of default and termination or the later effective date specified by the non-breaching party in the written notice as the effective date of termination; (ii) with respect to an event of default that this Agreement identifies is curable, the date on or after the end of a cure period that is specified by the non-breaching party as the effective date of termination; (iii) the date of termination of the Sublease, or (iv) the closing date of an Event of Transfer.

1.32 "Effective Date of Termination or Expiration of this Agreement" means either the Effective Date of Termination of this Agreement or the Effective Date of Expiration of this Agreement as the context requires.

1.33 "Effective Date" is the date is the date set out in **Section 1** of the **Commercial Addendum** and is the first day of the Term.

1.34 "Equipment Package" refers collectively to the fitness machines and fitness props that Franchisee purchases from Company or its designated affiliate before the Opening Date for installation in the Franchised Gym.

1.35 "Equity Holder" means a person or Business Entity who now, or after the Effective Date, owns 5% or more of the outstanding voting stock or other equity ownership interests of Franchisee that are coupled with voting rights. For the sake of clarity, "ownership interest" means any stock, partnership, membership, or other direct or indirect beneficial interest in the Business Entity or in the economic benefits of an ownership interest.

1.36 "Event of Transfer" means any actual or attempted transaction or series of related transactions that, directly or indirectly, voluntarily or by operation of law, results or, if completed would result, in (i) the sale, assignment, transfer, pledge, gift, encumbrance or alienation of any interest in this Agreement or the right to use any portion of or the entire System; (ii) the offer to sell or sale of equity interests of a Franchisee pursuant to a transaction subject to registration under federal or state securities laws or by private placement pursuant to a written offering memorandum; or (iii) the right to appoint, or cause to be appointed, a majority of the directors, officers or managers of the Franchisee; or (iv) the offer to sell or sale of sufficient equity interests in Franchisee to result in a change of Control. For purposes of illustration, examples of an Event of Transfer include: (a) an order dissolving the marriage of an Equity Holder that does, or will, result in a change of Control; (a) the issuance of additional equity interests in a Franchisee that does, or will, result in a change of Control; (c) a financial restructuring or recapitalization that is secured by a sufficient number of equity interests in a Franchisee so that, if foreclosed upon, would result in a change of Control; or (d) the death or Incapacity of an Equity Holder that does, or will, result in a change of Control.

1.37 "Force Majeure" includes, without limitation, an event caused by or resulting from an act of God, labor issues, failure of suppliers or other industrial disturbance, war (declared or undeclared), riot, pandemic or epidemic, fire or other catastrophe, epidemic or quarantine restrictions, material shortages or rationing, act of any government, and any other similar cause that is not within the control of the party whose performance is required.

1.38 "Franchised Gym Subpage" refers to the specific web page on Company's Website which Franchisee may customize with content relevant to the Franchised Gym in accordance with the guidelines in the Brand Standards Manual and which members of the public, including prospective and existing clients of the Franchised Gym may access only by "clicking through" from Company's Website.

1.39 "Franchised Gym" means the particular THE YARD GYM fitness facility that Company authorizes Franchisee to operate under this Agreement.

1.40 "Franchisee's Executive Management" means every individual who falls into any of the following categories: (i) a principal officer or member of the board of directors of Franchisee if Franchisee is a corporation; (ii) a general partner of Franchisee if Franchisee is a general or limited partnership; (iii) a manager of Franchisee if Franchisee is a limited liability company; (iv) occupies a similar status or performs similar functions, whether as an employee or independent contractor of Franchisee, as an individual identified in (i), (ii) and (iii); (v) Franchisee's designated Primary Owner; or (vi) Franchisee's designated General Manager.

1.41 "General Manager" identifies a management-level employee of Franchisee who devotes full time and attention to performing general management and supervisory responsibilities for the Franchised Gym and who successfully completes Company's Business Operations Training and Coach Training modules to Company's reasonable satisfaction.

1.42 "General Manager" means either (i) the Primary Owner of Franchisee, or (ii) the employee or agent of Franchisee whom Franchisee designates is responsible for the day-to-day operation of the Franchised Gym

operating under the supervision of Franchisee's Primary Owner, and in either case who has completed Company's Business Operations Training and Coach Training modules.

1.43 "Grand Opening Marketing" means Local Marketing the primary purpose of which is to publicize the opening of the Franchised Gym and develop consumer awareness of the Licensed Marks to the population working or living in the market area served by the Franchised Gym.

1.44 "Gross Revenue" means the aggregate of all revenue and income from the operation of the Franchised Gym, whether payment is by cash, credit card, authorized gift cards or other generally accepted form of payment. Gross Revenue includes (a) revenue and income received from the sale of private or class fitness instruction, Branded Retail Merchandise, and other goods, merchandise or services of any kind; (a) the proceeds from any business interruption insurance; and (c) the proceeds from the sale of memberships, class packages and authorized gift cards whether or not redeemed by the client. Gross Revenue excludes: (i) sales taxes and other taxes which Applicable Laws requires be separately stated on each transaction and collected from clients and paid to appropriate taxing authorities; (ii) the value of goods or services bought by clients by redeeming membership benefits and authorized gift cards sold by the Franchised Gym; (iii) the proceeds from isolated sales of trade fixtures or fitness equipment having no material effect on ongoing operations; and (iv) tips paid by clients to Franchisee's personnel rendering services at the Franchised Gym.

1.45 "Incapacity" is the inability of a General Manager to devote full time and attention to the duties of a General Manager due to any cause that continues for at least 120 days in the aggregate during any rolling 12 Calendar Month period during the Term, based upon the examination and findings of a physician selected by a hospital selected by Company in, or within 20 miles of the Approved Location. A period of Incapacity shall continue without interruption unless and until the person suffering the Incapacity is able to resume their duties on a full time basis for 30 consecutive days.

1.46 "Initial Term" refers to the period set out in **Section 5** of the **Commercial Addendum** unless this Agreement is terminated sooner in accordance with its terms.

1.47 "Initial Training Program" means the training program that Company conducts for Network Members in the United States before and in connection with the Opening Date of the franchisee's Franchised Gym which on the Effective Date consists of separate modules identified as (i) Business Operations Training; (ii) Coach Training, including shadow coaching techniques and strategies for Franchisee's fitness personnel; and (iii) New Gym Opening Launch, as Company may revise the Initial Training Program at any time.

1.48 "Internet" means the global system of interconnected computer networks that utilize standard communication protocols, and any successor technology, whether now existing or developed after the Effective Date, accessible by the general public and other types of users linked by a broad array of electronic, wireless and optical networking technologies and that enables the general public, among other things, to obtain information and purchase goods or services from commercial, merchant-controlled websites.

1.49 "Lease" means the written agreement by and between Franchisee and the owner or master tenant of the premises identified in this Agreement as the Approved Location that grants Franchisee the right to occupy and use the Approved Location for the operation of a Franchised Gym.

1.50 "Licensed Marks" collectively mean all of the trademarks, Licensed Marks, trade names, brand names, logos, trade dress and other proprietary indicia of goods and services, whether registered, unregistered or arising by Applicable Laws, and all registrations and applications for registration of trademarks, including intent-to-use applications, and all issuances, extensions and renewals of registrations and applications that Company now or hereafter uses to identify, advertise or promote Network Gyms generally or individual Network Gym and expressly authorizes or requires Franchisee to use as a condition of this Agreement.

1.51 "Local Marketing" means, without limitation, all communications in all formats which Franchisee creates or adapts and intends to use, directly or indirectly, to advertise and promote the Franchised Gym, Franchisee's status as an authorized franchisee, or which display the Licensed Marks. Local Marketing includes, without limitation:

(i) written, printed and electronic communications; (ii) communications sent by e-mail or equivalent electronic technology; (iii) communications by means of a recorded telephone message, spoken on radio, television or similar communication media; (iv) promotional items or promotional or publicity events designed to increase public awareness of the Franchised Gym, the Licensed Marks or Network Gyms, generally including fitness classes featuring a master instructor well known in the fitness industry; (v) listings in approved telephone or business directories; (vi) the use of the Licensed Marks on stationery, business cards, order forms, signs, merchandise, brochures, flyers, any type of outdoor advertising, point-of-sale materials, uniforms, or other tangible personal property; and (vii) Franchisee's use of the Licensed Marks on the Internet to promote the Franchised Gym, including content that Franchisee on the Franchised Gym Subpage or any third-party websites.

1.52 "Local Law" means the specific Applicable Laws in the state where the Approved Location is located.

1.53 "Minimum Performance Requirement" refers to the obligation to run a minimum number of approved group fitness class session on each day that the Franchised Gym is open for business and per Calendar Month as provided further in this Agreement.

1.54 "Network Gym" refers to any THE YARD GYM fitness facility opened or operated by a Network Member.

1.55 "Network Member" refers collectively to Franchisee, Company, Company's Affiliate, or another franchisee or licensee that owns and operates a Network Gym.

1.56 "Network Portal" means the private, secure area on Company's Website using Internet communication protocols to which Company grants access to its franchisees and certain Company employees to announcements and information relevant to the System and their rights and duties under this Agreement and where Company posts a copy of the Brand Standards Manual.

1.57 "Non-Competition Agreement" refers to the portions of **Schedule B** applicable to Covered Persons.

1.58 "Non-Designated Goods/Services" refer collectively to all goods, services, merchandise, supplies or property which Franchisee may, or must, use, offer, sell or promote in operating the Franchised Gym that are not Designated Goods/Services. An example of Non-Designated Goods/Services are third-party lead generation services.

1.59 "Nontraditional Venue" includes, without limitation, a large public or privately-owned destination or complex where the owner provides fitness services as an accommodation to a captive market visiting or frequenting the Nontraditional Venue. Examples of Nontraditional Venues include Regional Shopping Malls, airports, mass transit stations, professional sports stadiums and arenas, hotels and other types of lodging facilities, public or private golf clubs or athletic facilities, military bases, entertainment center, amusement parks, casinos, universities and other types of schools, hospitals and other types of health care institutions, other types of institutional venues, or similar types of captive market locations that Company may designate. Company alone shall determine if a proposed Approved Location qualifies as a Nontraditional Venue.

1.60 "Opening Date" is the date on which the Franchised Gym actually opens for business to the public by offering classes to members of the public. "Primary Owner" refers to any person who owns either legally or beneficially at least 20% or more of the outstanding equity or voting interests of a Franchisee and whom Franchisee designates is responsible for supervising the performance of Franchisee's General Manager and is Franchisee's primary point of contact for its interactions with Company.

1.61 "Personal Guaranty" refers to the portion of the Consolidated Agreement that applies to Equity Holders only.

1.62 "Provisional Remedies" mean any form of interim relief, including requests for temporary restraining orders, preliminary injunctions, writs of attachment, appointment of a receiver, for claim and delivery, or

any other orders which a court may issue when deemed necessary in its sole discretion to preserve the status quo or prevent irreparable injury, including the claim of either party for injunctive relief to preserve the status quo.

1.63 "Qualified Transfer" means (i) a single transaction or series of related transactions involving the sale, assignment, transfer, pledge, donation, encumbrance or other alienation of equity or voting interests in Franchisee that either alone or together do not result in a change of Control; or (ii) the assignment of this Agreement to a newly formed Business Entity that is owned by the same Equity Holders as Franchisee as part of a reorganization.

1.64 "Regional Shopping Mall" refers to a retail destination having two or more anchor tenants and dedicated parking space within one or more buildings forming a complex of shops representing unrelated merchandisers with interconnecting walkways enabling visitors to easily walk from unit to unit. Company alone shall determine if a shopping complex qualifies as a Regional Shopping Mall.

1.65 "System" means, collectively, Company's comprehensive business methods, standards, policies, requirements and specifications as Company may modify them at any time, which cover the following subject areas: (i) requirements for the trade dress, equipment, fixtures, furnishings and layout of Network Gyms; (ii) fitness curriculum for authorized exercise classes; (iii) training in the proper use of fitness equipment, including equipment classified as Designated Goods/Services and related safety issues; (iv) general operating requirements and client service standards; (v) local marketing and advertising programs; (vi) use of the Computer System; (vii) the retail sale of Branded Retail Merchandise; (viii) designation of other mandatory and optional programs, merchandise and services that Network Gyms may or must offer; (ix) the sale of memberships, class packages and gift cards if introduced; and (x) requirements for the use of Company's Intellectual Property.

1.66 "Term" means either (i) the Initial Term if the parties have not previously executed a franchise agreement with respect to the Franchised Gym that is the subject of this Agreement; or (ii) a Renewal Term if the parties are entering into this Agreement in connection with Franchisee's exercise of a Renewal Option under a previously executed franchise agreement giving Franchisee authority to perform operate a Franchised Gym at an Approved Location.

1.67 "Territory" means that designated geographic area defined in **Schedule A**, subject to Company's reserved rights described in this Agreement.

1.68 "Wholesale Sales" means the direct or indirect sale of Designated Goods/Services or Non-Designated Goods/Services in association with the Licensed Marks under circumstances where Franchisee knows, or after inquiry should reasonably suspect, the buyer is making the purchase with the intention of engaging in the further distribution and sale of the items to retail or wholesale clients through any trade method or distribution and to end-user clients for their consumption.

2. GRANT

2.1 Licenses.

(a) Company hereby grants to Franchisee, and Franchisee accepts, the non-exclusive right and license to use the System in connection with the operation of one Franchised Gym at the Approved Location subject to the terms and conditions of this Agreement. Franchisee may not relocate the Franchised Gym except in accordance with this Agreement.

(b) Franchisee agrees at all times to faithfully, honestly and diligently perform its obligations under this Agreement and to continuously exert its best efforts to maximize the Gross Revenue and net profits of the Franchised Gym and promote and enhance the reputation associated with the Franchised Gym, other Network Gyms, Company, and the System.

2.2 Limitations.

(a) Company grants Franchisee no rights other than the rights expressly stated in this Agreement. Franchisee's use of the System for any purpose or in any manner not permitted by this Agreement shall constitute a breach of this Agreement.

(b) Nothing in this Agreement gives Franchisee (i) any right, title or interest in or to any of the elements of the System other than a license to use the same on the terms and conditions of this Agreement; (ii) the right to object to Company's offer of franchises to others subject to the provisions of this Agreement pertaining to Franchisee's Territory; (iii) any interest in Company or the right to participate in Company's business activities, investment or corporate opportunities; (iv) the right to grant sublicenses of any kind; (v) any rights in or to any Company's Intellectual Property, other than the limited license expressly granted by this Agreement; or (vi) any express or implied preferential right of any kind to acquire an additional franchise to operate another Franchised Gym.

(c) Franchisee may not use the Franchised Gym Subpage to engage in e-commerce transactions of any goods or merchandise, including Branded Retail Merchandise, which Company authorizes Franchisee to sell at the Franchised Gym only.

(d) Nothing in this Agreement gives Franchisee the right to engage in Wholesale Sales of any kind or in any trade channel, including from any Internet website (including from the Franchised Gym Subpage) or by mail order, catalog sales or comparable methods.

2.3 Improvements; Duty to Conform to Modifications.

(a) Franchisee understands and agrees that nothing in this Agreement shall constitute or be construed as Company's consent or permission to Franchisee to modify the System. Any modification which Franchisee desires to propose or make to the System shall require Company's prior written consent.

(b) Any improvements, modifications or additions that Company makes to the System, or which become associated with the System, including ideas suggested or initiated by Franchisee, shall inure to the benefit, and become the exclusive property, of Company. Franchisee hereby irrevocably and permanently assigns to Company or its designee all intellectual property rights in and to any improvements or works which Franchisee may create, acquire or obtain in operating the Franchised Gym. Franchisee agrees that Company may use, and authorize others to use, improvements that Franchisee suggests, initiates or originates without compensation to Franchisee and without Franchisee's permission.

(c) Franchisee may provide suggestions, comments or other feedback (collectively, "Feedback") to Company with respect to the System. Feedback is voluntary. Franchisee agrees that Company may use Feedback for any purpose without liability or compensation to Franchisee or obligation of any kind. Franchisee hereby grants Company an irrevocable, non-exclusive, perpetual, fully-paid-up, royalty-free, world-wide license to use the Feedback in connection with any business activities conducted by Company or Company's Affiliates, including to make improvements to the System.

(d) Any goodwill resulting from Franchisee's use of the System shall inure to the exclusive benefit of Company. This Agreement confers no goodwill or other interest in the System upon Franchisee, except a license to use the System during the Term subject to the terms and conditions stated in this Agreement. This provision shall not be construed to prevent Franchisee from receiving the proceeds on the sale of the Franchised Gym if the sale is conducted in compliance with the requirements of this Agreement applicable to an Event of Transfer.

(e) Franchisee understands and agrees that Company may modify the System and any of its components from time to time in its sole discretion as often, and in the manner, that Company believes, in its sole discretion, is necessary to best promote Network Gyms as a chain to the public. Company shall give Franchisee written notice of all changes either by supplements to the Brand Standards Manual, in writing or electronically, including by posting information on the Network Portal or communicating the information to Franchisee in some other way. Franchisee agrees to implement all modifications to the System at Franchisee's sole cost and expense

within a reasonable amount of time after receiving Company's instructions. Accordingly, Franchisee shall, at its own cost and expense, adopt and use only those parts of the System specified by Company and discontinue the use of those parts of the System which Company directs are to be discontinued within a reasonable amount of time after receiving Company's instructions. Franchisee shall not change, modify or alter the System in any way, except as Company directs.

(f) Franchisee recognizes that modifications that Company may make to the System may necessitate that Franchisee make capital expenditures during the Term in amounts that Company cannot forecast. Nothing in this Agreement limits the frequency or cost of future changes to the System that Company may require. Franchisee understands and agrees that Company has no ability to identify with specificity the nature of these future general improvements or their expected cost and accepts the risk that future general improvements may be imposed that will require significant capital expenditures in an amount that is unknown on the Effective Date and that cannot be fully amortized over the period of time then remaining in the Term.

2.4 Deviations from the System. Company may allow other Network Members to deviate from the System in individual cases in the exercise of Company's sole discretion. Company shall have no duty to disclose, and Franchisee shall have no right to object to, the exceptions or variations that Company may allow to other Network Members, and has no claim against Company for not enforcing the standards of the System uniformly. Franchisee understands and agrees that Company has no obligation to waive, make any exceptions to, or permit Franchisee to deviate from, the uniform standards of the System. Any exception or deviation that Company does allow Franchisee must be stated in writing and executed by Company to be enforceable against Company.

3. PROTECTED TERRITORY AND RESERVED RIGHTS

3.1 Territory.

(a) Company agrees not to open or operate, or grant others, including Company's Affiliates or unrelated persons, the right to open or operate, a Franchised Gym identified by the Licensed Marks anywhere in the Territory shown or described on **Schedule A**.

(b) Nothing in this Agreement gives Franchisee the right to object to Company's offer of franchises to others for locations outside the Territory regardless of how close it may be located to the boundaries of the Territory. Franchisee understands and agrees that the significance of designating a Territory is solely to indicate the geographic area within which Company will not open or operate, or grant others the right to open or operate, a Network Gym subject to the exclusions and reserved rights in this Section. The designation of a Territory does not give Franchisee any superior or exclusive right (i) to offer or sell Authorized Services to persons who reside or work in the Territory, or (ii) market or advertise its Franchised Gym in media that circulates, broadcasts or otherwise is directed to or accessible by persons in the Territory. For example, social media and digital advertising by other licensees in neighboring territories may be visible to consumers in the Territory. Franchisee understands that the rights granted to Franchisee to use the Licensed Marks in the Territory are non-exclusive.

(c) The Territory excludes the following types of properties existing now, or in the future, in the Territory:

(i) Each Nontraditional Venue in the Territory; and

(ii) Any location in the Territory that Company acquires as part of Company's simultaneous acquisition after the Effective Date of a chain of 3 or more Competitive Businesses that operate under a common trade name and follow uniform methods of operation. To qualify as a chain, the Competitive Business locations need not all be located in the Territory; however Company must acquire no fewer than 3 locations in the same transaction of which at least one is in the Territory.

(A) Company may convert the Competitive Business location in Franchisee's Territory to a Network Gym.

(B) However, if Company does so after Franchisee has signed this Agreement designating Franchisee's Territory, Company will offer Franchisee a first option to acquire, own, and operate the location as a Franchised Gym on the terms of Company's then-current Franchise Agreement, which may be materially different than this Agreement, including requiring payment of additional or different fees to Company. Franchisee's option shall depend on Franchisee meeting the following conditions: (i) Franchisee is then in good-standing under this Agreement and has not previously received any notice of default under this Agreement whether or not Franchisee has timely cured the default; (ii) if Franchisee and Company have previously mutually agreed in writing that Franchisee may open multiple Gyms (including the Gym that is the subject of this Agreement) by specific Opening Date deadlines, Franchisee is in compliance with the mutually agreed upon development schedule; (iii) Franchisee meets Company's minimum net worth requirements to operate more than one Gym; (iv) Franchisee's Franchised Gym has been operational for at least 12 months and during the preceding 12-month period, the Franchised Gym's annual revenue is at least 80% of the average revenues for all franchisees of THE YARD GYM for the same period; and (v) Franchisee or its Affiliate and their Equity Holders execute Company's then-current Franchise Agreement and Consolidated Agreement required to be signed by Company's new THE YARD GYM franchises. Franchisee does not have an option to acquire the Competitive Business if Company has acquired the chain before Franchisee signs this Agreement and the parties designate Franchisee's Territory.

(C) If Franchisee or its Affiliate or its or their Executive Management and Equity Holders do not execute all documents that Company then requires other THE YARD GYM franchisees to sign within 30 days after they are presented by Company, Franchisee will be deemed to have rejected this option and Company will be free to open or award franchise rights to a third party to open for the converted Competitive Business in Franchisee's Territory.

3.2 Company's Reserved Rights.

(a) In addition to Company's right to complete an Event of Transfer of its rights under this Agreement, Company has the absolute right to delegate performance of any of its obligations under this Agreement to a third party of its own choosing, whether the designee is Company's Affiliate or an unrelated third party. In the event of a delegation of duties, the third party will perform the delegated functions in compliance with this Agreement. When Company delegates its duties to a third party (in contrast to when Company completes an Event of Transfer of all of its rights under this Agreement to a third party that assumes Company's obligations), Company will remain responsible for the performance of the third party to whom it delegates its duties.

(b) In addition to the exclusions from Franchisee's Territory, Company reserves the right to engage in the following activities in Franchisee's Territory:

(i) Open or license others to open fitness studios in the Territory under a trade name that is dissimilar from THE YARD GYM that offer any type of exercise program including the same type of strength and conditioning exercises offered at THE YARD GYM.

(ii) Offer for sale and sell Designated Goods/Services through any method or channel of distribution now existing or developed after the Effective Date without prior notice or compensation to, or consent of, Franchisee. Company's reserved rights include the right to engage in Wholesale Sales of Designated Goods/Services through various market channels, including: (i) online transactions from Company's Website, third-party websites, and social media platforms; (ii) sales through third-party mail order catalogues and direct mail advertising; (iii) sales conducted at trade shows; (iv) sales to retail stores, including unrelated sporting goods stores, operating under a trade name that is dissimilar from THE YARD GYM; and (v) sales to fitness studios in the Territory operating under a trade name that is dissimilar from THE YARD GYM that offer any type of exercise program including the same type of strength and conditioning exercises offered at THE YARD GYM.

4. APPROVED LOCATION

4.1 Selection of Approved Location.

(a) If Franchisee owns or leases an existing location on the Effective Date that Company has determined meets its demographic requirements and the landlord is willing to execute Company's form of Addendum to Lease, the parties shall mutually indicate the Approved Location's street address and the boundaries of the Territory on the Commercial Addendum at the same time they execute this Agreement, in which case the balance of this Section 4.1 shall not apply to Franchisee.

(b) If the parties have not identified the Approved Location on or before the Effective Date, Franchisee shall be responsible for evaluating potential sites and selecting the Approved Location, subject to Company's approval, pursuant to the procedures stated in this Section and the Brand Standards Manual. Following Company's written approval of Franchisee's proposed site as the Approved Location, the parties shall be deemed to have amended this Agreement to set forth the Approved Location's street address.

(c) The fact that Company may, in its sole discretion, offer Franchisee advice, recommendations or site location services of any kind shall not constitute an admission on Company's part that it is responsible for identifying potential sites, and Franchisee understands that site selection is Franchisee's sole responsibility, subject to Company's right to approve the site. Consistent with Franchisee's responsibility for site selection, Franchisee is solely responsible for investigating and complying with Applicable Laws concerning development, occupancy and use of the Approved Location and evaluating the suitability of a site as a Franchised Gym.

(d) To assist Franchisee with site selection, Company shall provide Franchisee, without charge, with its current written site selection criteria and construction specifications for the design, appearance, trade dress elements, equipment layout, and leasehold improvements of a typical Franchised Gym. Franchisee understands that Company's construction specifications may not reflect the requirements of Applicable Laws governing public accommodations for persons with disabilities or similar rules, zoning restrictions, building codes, building permit requirements, or applicable Lease restrictions. Franchisee is solely responsible for investigating and complying with all matters pertaining to Applicable Laws regulating the development of a proposed site at Franchisee's sole expense.

(i) To obtain Company's approval of a proposed site, Franchisee shall submit a written site proposal to Company, in the form indicated in the Brand Standards Manual. Franchisee's site proposal shall be accompanied by a letter of intent or other evidence satisfactory to Company which confirms the willingness of the owner or master tenant of the Approved Location to offer Franchisee a Lease and to execute an Addendum to Lease in the form required by Company. Company may condition site approval on its review and approval of the Lease which Franchisee proposes to enter into with the landlord of the proposed site.

(ii) Following receipt of Franchisee's written site proposal, Company may, in its sole discretion and at its sole expense, make an on-site visit to the proposed site at Company's expense if Company reasonably believes that physical inspection of the demographic conditions of the area, or the proposed site, is necessary or desirable to evaluate Franchisee's proposal. Franchisee understands and agrees that the on-site visit is at Company's sole option and not required by this Agreement.

(iii) Company shall have 30 days following receipt of Franchisee's completed site proposal, including a copy of the proposed Lease if requested by Company, in which to complete any site visit that it chooses to make and to indicate its approval or disapproval of the proposed site by giving written notice to Franchisee (the "Site Approval Notice"). Company's Site Approval Notice shall include a non-binding estimate of the types and minimum number per type of fitness equipment that Company would require Franchisee to purchase as part of the initial equipment package based on an estimate of the square footage and configuration of the proposed site's workout floor. Franchisee may request site approval for more than one site; but doing so shall not extend the time period for obtaining site approval. If Franchisee proposes more than one site, Company need only approve one site, or it may disapprove all proposed sites. Company's failure to give timely notice of approval shall constitute Company's disapproval of all sites proposed by Franchisee. Company's approval of a site signifies only that the site meets

Company's current site criteria. Company's approval of a site does not certify that Franchisee's development, use or occupancy of the site as a Franchised Gym will conform to Applicable Laws or guaranty or warrant that operation of a Franchised Gym at the site will be successful or profitable. Company is not responsible if the site fails to meet Franchisee's or Company's expectations.

4.2 Lease and Addendum to Lease. Franchisee shall execute a Lease and Addendum to Lease with the landlord of the Approved Location and deliver to Company a copy of the fully-executed Lease and Addendum to Lease.

4.3 Termination. Company may terminate this Agreement if Franchisee fails to (i) obtain Company's written site approval; and (ii) deliver a copy of the executed Lease and Addendum to Lease to Company within 180 days after the Effective Date. If Company elects to terminate this Agreement, Company will refund all but $5,000 of the Initial Franchise Fee that Franchisee has paid to Company when Franchisee delivers an executed general release, in form satisfactory to Company, of any and all claims against Company, Company's Affiliates and their respective officers, directors, shareholders, employees and agents. Company is not obligated to refund any portion of the Initial Franchise Fee unless Franchisee executes and delivers Company's form of general release.

4.4 Relocation.

(a) If (i) the Lease expires or terminates for reasons other than Franchisee's breach; (ii) the Approved Location or building in which the Franchised Gym is located is destroyed, condemned or otherwise rendered unusable; or (iii) the parties' mutually believe that relocation will increase the business potential of the Franchised Gym, Franchisee shall relocate the Franchised Gym, at Franchisee's sole expense, to a new location selected by Franchisee, and approved by Company, in accordance with Company's then-current site selection procedures as specified in the Brand Standards Manual. Company shall indicate its approval of the new site by executing a new Site Approval Notice. The parties shall amend **Schedule A** to reflect the address of the new Approved Location and any new boundaries to the Territory. The new Approved Location should be in the same market area as the original Approved Location in order to retain the business of existing clients, but will not be approved if the new Approved Location or the Territory assigned to the new Approved Location is in the territory assigned to another Network Gym.

(b) As a condition of approving Franchisee's request to relocate the Franchised Gym, Company may require Franchisee to pay a non-refundable relocation fee of $1,500 per proposed site to cover Company's expenses in connection with approving the new proposed site as the substitute Approved Location.

(c) At Franchisee's sole expense, Franchisee shall construct and develop the new premises to conform to Company's then-current specifications for design, appearance, trade dress elements, equipment, layout, and leasehold improvements for new Network Gyms, and remove any signs, trade dress and leasehold improvements from the original Approved Location that identified the original Approved Location as belonging to the System. All of the terms and conditions in this Agreement regarding the process for preparing and approving Franchisee's Design Plans for the original Approved Location shall apply equally to the new Approved Location.

(d) Franchisee shall use its best efforts to complete relocation without any interruption in the continuous operation of the Franchised Gym unless Company's prior written consent is obtained. As a condition to consenting to a disruption in operations, Company may impose maximum time periods, which shall be reasonable under the circumstances compelling relocation, in which Franchisee must (i) obtain Company's site selection approval for the new Approved Location; and (ii) complete construction and development of the new Approved Location as expediently as reasonably possible in accordance with Company's then-current specifications. Franchisee understands that if Company consents to a disruption in operations and operations temporarily cease, the Term of this Agreement shall not be extended.

5. TERM AND RENEWAL

5.1 Term. The Term of this Agreement shall be equal in length to either the (i) Initial Term if the parties are entering into this Agreement in connection with the initial grant of franchise rights to Franchisee; or (ii) the Renewal Term if the parties are entering into this Agreement in connection with Franchisee's exercise of a Renewal

Option granted under a previously-executed Franchise Agreement, unless in either case this Agreement is sooner terminated pursuant to the provisions hereof. The Term shall expire on the last day of the Initial Term or Renewal Term, as applicable, without the requirement that Company give notice of expiration.

5.2 Renewal Term. Unless the Term ends sooner for any reason, and subject to the conditions described in this Section, Franchisee shall have two consecutive options (each a "Renewal Option") to renew the franchise license for the period set out in **Section 6** of the **Commercial Addendum** ("**Renewal Term**"). Each Renewal Term shall begin on the day following the last day of the Initial Term or then-current Renewal Term. However, each Renewal Option is conditioned on Company offering new THE YARD GYM franchises in the United States at the time when Franchisee is permitted to exercise the Renewal Option. To exercise each Renewal Option, Franchisee must furthermore comply the following conditions:

(a) Franchisee must give Company written notice of Franchisee's election to renew (the "**Renewal Notice**") at least 9 Calendar Months, but not more than 12 Calendar Months, before the end of the then-current Term (the 3 month period is referred to as the "**Renewal Notice Period**"). The Renewal Option shall be cancelled if Franchisee does not timely and effectively exercise the Renewal Option by giving written notice during the Renewal Notice Period and complete the remaining Renewal Option conditions.

(b) The Renewal Notice must be accompanied by a non-refundable payment of the amount set out in **Section 8** of the **Commercial Addendum** ("**Renewal Fee**").

(c) Franchisee must not be in default under this Agreement at the time it gives the Renewal Notice or on the first day of the Renewal Term. Further, Franchisee must not have received more than 3 notices of default during any 24 Calendar Month period during the soon-to-expire Term whether or not the notices relate to the same or to different defaults, and whether or not the defaults have each been timely cured by Franchisee.

(d) Franchisee shall execute Company's then-current form of Franchise Agreement for a term of 5 years. The then-current Franchise Agreement shall supersede this Agreement in all respects except as follows: (i) Franchisee shall not have the renewal rights in any successor Franchise Agreement; (ii) Franchisee shall not be required to pay the Initial Franchise Fee stated in the then-current Franchise Agreement, but shall instead pay the Renewal Fee; (iii) the Renewal Term shall be 5 years even if the term stated in the then-current Franchise Agreement is different; and (iv) Franchisee shall not be required to participate in the Initial Training Program then offered by Company to new Network Members described in the then-current Franchise Agreement, but shall comply with Company's then-current training requirements applicable to renewing franchisees. Franchisee understands that the successor Franchise Agreement may be materially different than this Agreement, including requiring payment of additional or different fees to Company.

(e) Franchisee shall conform the Franchised Gym to Company's then-current design, appearance, trade dress elements, layout, equipment, leasehold improvements, imaging requirements, signs, and accounting and recordkeeping systems that apply to new Network Gyms, including making upgrades to the Computer System to the extent any areas of Franchisee's Franchised Gym do not meet Company's then-current requirements applicable to new Network Members. The requirements of this Section shall not modify Franchisee's ongoing duty to keep the Franchised Gym in continuous good condition and repair, ordinary wear and tear excepted as a first class fitness facility.

(f) Franchisee's Equity Holders must sign Company's then-current Consolidated Agreement in favor of Company and Company's Affiliates and provide Company with current financial information for themselves.

(g) Franchisee and its Equity Holders shall each execute and deliver a general release, in form satisfactory to Company, of any and all claims against Company, Company's Affiliates and their respective officers, directors, owners, employees, independent contractors, and agents.

5.3 Condition Precedent to Renewal Option. Franchisee understands and agrees that this Agreement shall be interpreted not to grant Franchisee a Renewal Option if Company has not offered a new THE YARD GYM

franchise for a location anywhere in the United States during the 6 Calendar Months immediately before the first day of the Renewal Notice Period. However, the Renewal Option will be revived if, before the end of the Renewal Notice Period, Company offers a new THE YARD GYM franchise in the United States to someone that has not previously entered into a Franchise Agreement with Company, in which case Company will give Franchisee written notice of this new information and Franchisee will have an additional 30 days after receipt of Company's notice to deliver the Renewal Notice and pay the Renewal Fee. All of the other conditions to effectively exercise the Renewal Option shall thereafter apply to Franchisee.

5.4 Failure to Satisfy Conditions. If the conditions precedent fail or if Franchisee fails to execute and deliver a duly-executed renewal Franchise Agreement and release required by this Section within 30 days after Company delivers them to Franchisee for execution, the failure shall be deemed an election by Franchisee not to exercise the Renewal Option, and this Agreement will expire on the last day of the Term without further notice from Company; provided, however, Franchisee shall remain obligated to comply with all provisions of this Agreement which expressly, or by their nature, survive the expiration or termination of this Agreement. Company shall not be obligated to refund the Renewal Fee.

5.5 Extension. If Company is in the process of revising, amending or renewing its franchise disclosure documents or registration to sell franchises in the state where the Franchised Gym is located, or under Applicable Laws cannot lawfully offer Franchisee its then-current form of Franchise Agreement at the time Franchisee delivers the Renewal Notice, Company may, in its sole discretion, offer to extend the terms and conditions of this Agreement on a Calendar Month-to-Calendar Month basis following the expiration of the Term for a maximum period of 12 months from the expiration date so that Company may lawfully offer its then-current form of Franchise Agreement. If (i) Company is granting new franchises for THE YARD GYM franchises in the United States at the time when Franchisee is permitted to exercise the Renewal Option, and (ii) Franchisee has otherwise satisfied the conditions for renewal and is in compliance with the provisions of this Agreement, and if, after 12 months, Company still cannot lawfully offer its then-current form of Franchise Agreement, the parties shall be deemed to have extended this Agreement for the remainder of the then-current Renewal Term. Nothing in this Section shall require Company to extend this Agreement if, at the time Franchisee delivers the Renewal Notice Franchisee is in default under this Agreement.

6. APPROVED LOCATION DEVELOPMENT AND OPENING DATE

6.1 Franchisee's Construction Drawings.

(a) Following the Effective Date, Company shall provide Franchisee with template floorplans and designs (the "Construction Specifications") for a prototype Franchised Gym. These Construction Specifications will be based on an average size Network Gym and show design, appearance, and, trade dress elements; leasehold improvements; workout area and fitness equipment layout; "front of the house" client reception area layout; restrooms and shower area; and depending on other features. Company's prototype drawings shall include a layout and floor plan indicating the desired placement of all required fitness equipment, furnishings and décor items in a prototype Network Gym.

(b) At Franchisee's sole expense, Franchisee shall retain competent architectural, design and contracting services to prepare appropriate construction drawings ("**Franchisee's Construction Drawings**") consistent with Company's Construction Specifications that are based on the specific dimensions, square footage and conditions of the Approved Location and to the requirements of the Lease and Applicable Laws. Before engaging an architect, designer or contractor, Franchisee shall submit to Company the name and supporting credentials of each person that Franchisee desires to retain to demonstrate the individual's or firm's overall reputation and credentials for workmanship, timeliness of performance, financial solvency and experience with retail construction. Company shall have 15 days after receiving all supporting information in which to indicate its decision. Company's failure to respond within 15 days shall signify its approval. Company's approval of a particular firm or individual is not an endorsement or guaranty of the quality of workmanship, timeliness of completion or any other credential and Company shall have no liability whatsoever for the party's services.

(c) At a minimum, Franchisee's Construction Drawings shall address, without limitation, workout area and fitness equipment layout, lighting, flooring, mechanical systems, electrical systems, plumbing, carpentry, wall and ceiling treatments, doors and hardware, painting, HVAC systems, restroom and shower room area, storage areas, security system, décor items, furnishing, decorations and other trade dress components, and other improvements that Franchisee intends to make or install, together with such other information as may be specified in the Brand Standards Manual. Franchisee may only use Franchisee's Construction Drawings for purposes of developing the Approved Location as a Franchised Gym.

(d) Franchisee is solely responsible for investigating the requirements of Applicable Laws governing public accommodations for persons with disabilities or similar rules, zoning restrictions, building codes, permit requirements or applicable Lease restrictions and conforming Franchisee's Construction Drawings to such requirements.

(e) Franchisee shall submit Franchisee's Construction Drawings to Company for approval before Franchisee may begin permitting, construction or development of the Approved Location. In reviewing Franchisee's Construction Drawings, Company agrees not to withhold its approval unreasonably. Company shall have 15 days to review Franchisee's Construction Drawings and notify Franchisee in writing of its rejection or approval of Franchisee's Construction Drawings or its approval subject to specified modifications. Company's failure to give Franchisee timely notice shall constitute Company's disapproval of Franchisee's Construction Drawings as submitted.

(f) The fact that Company may recommend an architect, designer or construction personnel to assist Franchisee in preparing Franchisee's Construction Drawings or with the performance of actual construction work shall not (i) excuse Franchisee from the duty to obtain Company's approval of Franchisee's Construction Drawings; (ii) constitute an admission on Company's part to responsibility for preparing Franchisee's Construction Drawings; or (iii) make Company liable for design or construction work, delays or defects of any kind.

(g) Company's approval of Franchisee's Construction Drawings, with or without additional conditions, does not certify that Franchisee's development, use or occupancy of the site as a Franchised Gym pursuant to Franchisee's Construction Drawings as approved will conform to Applicable Laws or guaranty or warrant that operation of a Franchised Gym at the site will be successful or profitable.

6.2 Development of Approved Location.

(a) Franchisee shall cause all construction and other development work to be carried out in compliance with the version of Franchisee's Construction Drawings that Company approves without any material variation. Franchisee shall not make any material changes to the Franchisee's Construction Drawings without first submitting the changes in writing to Company for its approval.

(b) Franchisee shall cause all construction and development work to conform with the requirements of the Lease and Applicable Laws, including all government and utility permit requirements (such as, for example, zoning, sanitation, building, utility and sign permits). Franchisee shall complete development of the Approved Location diligently, expeditiously and in a first-class manner at Franchisee's sole expense.

(c) Franchisee is solely responsible for purchasing, leasing or licensing all of the fitness and other equipment, fixtures, furniture, trade dress elements, signs, supplies, materials, and decorations that Company specifies for a Network Gym from recommended, approved or required sources as directed by Company in the Brand Standards Manual and this Agreement. Franchisee understands and agrees that Company may designate all, or particular items, of fitness and other equipment, fixtures, furniture, trade dress elements, signs, supplies, materials, and decorations as Designated Goods/Services, in which case the items must be purchased from the sources that Company identifies.

(d) Before the Opening Date, Franchisee shall install a specific digital camera and remote monitoring system at the Franchised Gym, including installing a camera to record activity immediately outside the

Franchised Gym's front door that meets the specifications in the Brand Standards Manual and allows Company to observe and record activity at the Franchised Gym at any time.

(e) Franchisee understands and agrees that it is solely responsible for supervising, and for the acts and omissions of, the architect, design and construction personnel that it hires or retains. Franchisee shall obtain all customary contractors' lien waivers for the work performed.

(f) Company shall have no responsibility for any delays in development or opening of the Franchised Gym or for any loss resulting from the design of the Approved Location or approval of Franchisee's Construction Drawings. Company shall have access to the Approved Location to inspect the work and performance by Franchisee's construction personnel, but is not obligated to inspect the project periodically during development or upon completion. Franchisee understands and agrees that if Company inspects the work and performance of Franchisee's construction personnel, the inspection is not for purposes of reviewing or certifying that development is in compliance with the Lease or Applicable Laws, but solely to evaluate that development conforms with the version of Franchisee's Construction Drawings that Company has approved and otherwise with Company's specifications.

6.3 Opening Date.

(a) Franchisee shall use its best efforts to diligently complete the development and construction of the Approved Location, hire and train staff members, prepare the Franchised Gym for the Opening Date, and open the Franchised Gym for business to the public within 180 days from the date that Franchisee takes possession of the Approved Location after signing the Lease. If, despite using best efforts, the Opening Date is delayed due to (i) unforeseeable permitting or construction delays for reasons beyond Franchisee's control; (ii) delays in delivering the initial equipment package for reasons beyond Franchisee's control; or (iii) an event of Force Majeure, Franchisee shall pay Company a non-refundable Opening Date extension fee of $750 without proration for each 30-day extension until the actual Opening Date. Company's acceptance of an extension fee shall not waive Company's right to terminate this Agreement if the delay is longer than 180 days.

(b) Company may require that Franchisee provide Company with photographs and live videos showing the Approved Location's physical readiness to open for business. Franchisee shall not open the Approved Location for business to the public under the Licensed Marks unless and until Company issues a written completion certificate. The certificate shall signify that Company finds that the Approved Location, as built, substantially conforms to the version of Franchisee's Construction Drawings that Company has approved and that Franchisee has met all other pre-opening requirements, including, without limitation: (i) completing the Business Operations Training module of the Initial Training Program and having at least one person qualify as a General Manager; (ii) supplying Company with proof of all required insurance coverage all in accordance with the requirements of this Agreement; and (iii) implementing all of the other mandatory features of the System. Company's issuance of a certificate shall not constitute a representation or finding that the Approved Location, as built, complies with Applicable Laws and Company shall have no responsibility for independently verifying the Approved Location's or Franchisee's compliance with Applicable Laws.

(c) Company agrees to use its reasonable best efforts to review Franchisee's Construction Drawings, conduct inspections of the work and performance by Franchisee's personnel, and inspect the Approved Location as built within time frames that will avoid causing an undue delay in Franchisee's ability to open the Franchised Gym.

(d) If Franchisee believes Company has failed to adequately provide any services required by this Agreement to be performed by Company before or in connection with the Franchised Gym's opening, whether in regard to site selection, site development, Initial Training, or any other matter affecting the establishment of the Franchised Gym, Franchisee shall so notify Company in writing within 60 following the Opening Date. Absent timely notice to Company, Franchisee shall be deemed to acknowledge conclusively that (i) all required services to be performed by Company before or in connection with the Franchised Gym's opening were provided sufficiently and satisfactorily in Franchisee's judgment, and (ii) Franchisee and its officers, directors, shareholders, employees and agents have each waived any claim alleging facts to the contrary.

7. TRAINING

7.1 Initial Training Program.

(a) After Franchisee executes the Lease for the Approved Location, the parties shall mutually schedule the starting date for the Initial Training Program modules some of which will be delivered live at an operating Network Gym in the United States and other portions delivered using a pre-recorded or video delivery format.

(b) Company may limit enrollment in the Business Operations Training and Coach Training modules of the Initial Training Program to Franchisee's Primary Owners and management-level employees who are not Primary Owners and whom Franchisee desires to qualify as a General Manager of the Franchised Gym.

(c) After the delivery and completion of the Business Operations Training and Coach Training modules before the Opening Date, the parties shall mutually schedule the date for the New Gym Opening Launch module of the Initial Training Program, which Company shall provide only once during the Term at the Approved Location immediately before the Opening Date. Company encourages Franchisee to include all of its opening employees and fitness instructors in New Gym Opening Launch training. Company will not charge a training fee or tuition for delivering the Initial Training Program modules before and in connection with the Opening Date.

(d) If Franchisee is executing this Agreement in connection with exercising the Renewal Option, Company shall not be required to deliver the Initial Training Program described in this Agreement, but in consideration of Franchisee's payment of a renewal fee, at least two management-level employees of Franchisee must complete to Company's reasonable satisfaction any training program that Company then provides for renewing franchisees.

7.2 Additional Training After the Opening Date.

(a) If the Primary Owner who completes the Initial Training Program provided before and in connection with the Opening Date disassociates from Franchisee, Franchisee is responsible for enrolling another Primary Owner in Company's Business Operations Training and Coach Training modules, who must complete the modules to Company's reasonable satisfaction and qualify as a General Manager even if the Primary Owner does not serve as the Franchised Gym's General Manager. Franchisee may also request permission to enroll new management hires in a new session of Company's Business Operations Training and Coach Training modules at a location designated by Company. Enrollment of Franchisee's Primary Owners and management personnel in Company's Business Operations Training and Coach Training modules is subject to space availability. Franchisee shall pay Company's then-current per diem per person training fees in full in advance.

(b) Franchisee may request that Company send a member of its staff to provide additional training or make a special visit to the Franchised Gym for a specific purpose, in which case the parties shall endeavor to find a mutually convenient time for the additional training. Franchisee shall pay Company's then-current per diem per person training fees in full in advance (including for any travel day involving more than 3 hours of travel per day to or from the Franchised Gym) and reimburse Company for the commercially reasonable travel costs to send its training personnel to the Franchised Gym.

(c) Company may require that Franchisee's Primary Owner or General Manager complete additional training at a location designated by Company, which may be the Franchised Gym, if Company's inspections disclose operating deficiencies. Franchisee shall pay Company's then-current per diem per person training fees in full in advance.

(d) In addition to attending the Annual Meeting (defined in this Agreement), Company may periodically offer continuing training programs at one or more locations that it shall designate in the United States to address new fitness equipment, recent changes to the System, new network-wide marketing programs, and other subjects of mutual interest and require attendance by a Primary Owner and a General Manager (if the General Manager is not a Primary Owner). However, separate from any continuing training conducted at the Annual Meeting, Company shall not require that more than 2 persons designated by Company complete more than 3 days of continuing training

in the United States during any 12 Calendar Month period. Company shall not charge Franchisee a training fee or tuition to complete mandatory continuing training in the United States conducted separate from the Annual Meeting.

7.3 General Provisions Regarding Training.

(a) All training provided by Company will be for the duration and cover the subjects identified in the Brand Standards Manual, which Company may modify at any time without prior notice to Franchisee. Although the Initial Training Program as of the Effective Date consists of separate modules, Company's modifications may involve adding, deleting, shortening or lengthening modules or tracks within modules; changing the location of training in the United States; modifying the duration, content or scope of the Initial Training Program; or changing instructors or mandatory training requirements. Company may limit enrollment in any training module conducted in person based on space availability.

(b) Enrollment in the Business Operations Training and Coach Training modules is limited to Primary Owners and any other management-level personnel whom Franchisee wishes to qualify as a General Manager, whether Business Operations Training or Coach Training is completed before or after the Opening Date.

(c) Franchisee understands and agrees that all training provided after the Opening Date shall be at mutually scheduled times and subject to space availability, payment of applicable tuition or training fees, and reimbursement of Company's actual travel expenses, including, without limitation, expenses for air and ground transportation, lodging, meals, and personal charges if additional training involves sending Company's personnel to the Approved Location for training (including for any travel day involving more than 3 hours of travel in a day).

(d) Franchisee is solely responsible for all personal expenses that it and its personnel incur to attend any of the training programs offered by Company whether before or after the Opening Date, including costs for air and ground transportation, lodging, meals, personal expenses and salaries.

(e) Company will not pay compensation for any services performed by Franchisee's personnel during any training program provided by Company even if, for example and without limitation, the training program requires Franchisee's personnel to work at a Network Gym owned by Company or Company's Affiliates.

(f) Franchisee agrees to allow Company to train persons unaffiliated to Franchisee at the Franchised Gym at a time mutually convenient to Franchisee and Company, without compensation or reimbursement to Franchisee, for up to 10 days per Calendar Year.

(g) In connection with any Event of Transfer, the proposed transferee must complete Company's then-current initial training program requirements to Company's reasonable satisfaction. Franchisee or the proposed transferee shall be solely responsible for all personal expenses that the proposed transferee's personnel incur in connection with attending and completing the training. Company is not obligated to provide New Gym Opening Launch module of the Initial Training Program in the Franchised Gym in connection with an Event of Transfer. Franchisee shall remain responsible for operation and management of the Franchised Gym until (i) the proposed transferee's personnel complete training and demonstrate the requisite competency to operate and manage a Network Gym in Company's sole discretion, and (ii) the proposed transferee qualifies at least one Primary Owner and one other management-level employee as a General Manager in accordance with Company's then-current requirements.

8. COMPANY'S INTELLECTUAL PROPERTY

8.1 Ownership. Franchisee agrees not to contest or assist any other person to contest the validity of Company's Intellectual Property in and to the System or its components either during the Term or after the Effective Date of Termination or Expiration of this Agreement.

8.2 License.

(a) In operating the Franchised Gym, Franchisee shall (i) use only the elements of the System designated by Company and only in the manner authorized and permitted by Company; (ii) use the System only in connection with the operation of the Franchised Gym and not in connection with other unrelated activities; (iii) display notices of trademark and Licensed Mark registrations in the exact manner that Company specifies in connection with the use of the Licensed Marks; (iv) use the specific Assumed Name that Company assigns to Franchisee and register the Assumed Name as required by Applicable Law; and (v) prominently post notices to clients, suppliers and others with whom Franchisee deals informing them that Franchisee is the independent owner of the Franchised Gym operating under a license from Company.

(b) Franchisee shall not use the Licensed Marks or the shorthand terms "YARD" or "TYG" in any format in the name of its Business Entity. Except for using the Assumed Name as the fictitious business name of the Franchised Gym, Franchisee shall not use the Licensed Marks or the shorthand terms "YARD" or "TYG" (i) with any prefix, suffix or other modifying words, terms, designs, colors or symbols; (ii) in any modified form; (iii) in connection with the sale of any unauthorized goods or services; (iv) in any manner not expressly authorized in writing by Company; or (v) in any manner that may result in Company's liability for Franchisee's debts or obligations.

(c) Franchisee shall not cover up, remove or alter any patent, copyright, trademark or other notices that Company requires Franchisee to use to signify Company's ownership of, or rights in, Company's Intellectual Property.

(d) Company reserves the right to: (i) modify or discontinue licensing any of Company's Intellectual Property or components of the System; (ii) add new names, marks, designs, logos or commercial symbols to the Licensed Marks and require that Franchisee use them and remove names, marks, designs, logos or commercial symbols from the Licensed Marks and require that Franchisee discontinue their use within a reasonable time; (iii) modify or discontinue practices, components or requirements incorporated within the scope of the System as of the Effective Date; (iv) modify the Assumed Name previously assigned to Franchisee and assign a new Assumed Name to Franchisee; or (v) require that Franchisee introduce or observe new practices as part of the System in operating the Franchised Gym. Franchisee shall comply, at Franchisee's sole expense, with Company's directions regarding changes in the System within a reasonable time after written notice from Company. Company shall have no liability to Franchisee for any cost, expense, loss or damage that Franchisee incurs to comply with Company's directions and conform to required changes to the System, including changes to the Licensed Marks or Assumed Name.

(e) Franchisee understands and agrees that any unauthorized use of the System or its components by Franchisee shall constitute both a breach of this Agreement and an infringement of Company's Intellectual Property.

8.3 Brand Standards Manual.

(a) Franchisee has the limited right to use Company's Brand Standards Manual during the Term. The Brand Standards Manual is, and at all times will remain, Company's sole property and Company owns all Intellectual Property Rights in its content.

(b) Franchisee will treat all information contained in the Brand Standards Manual as Confidential Information and use all reasonable efforts to keep the information secret. Without Company's prior written consent, Franchisee will not copy, duplicate, print, record or otherwise reproduce the Brand Standards Manual, in whole or in part, or otherwise make the Brand Standards Manual available to Franchisee's personnel who do not require access to its contents to carry out their work duties. Any misuse of the Brand Standards Manual or other Confidential Information by Franchisee's employees or contractors to whom access is given that violates this Agreement shall constitute a breach of this Agreement by Franchisee.

(c) If any portions of the Brand Standards Manual are furnished in a printed "hard" copy rather than electronic or digital format, Franchisee shall take adequate precautions to ensure that when the Brand Standards

Manual is not in use by authorized personnel, Franchisee shall keep the Brand Standards Manual in secure or locked receptacle and only grant authorized personnel, as defined in the Brand Standards Manual, access to the key or lock combination of the receptacle.

(d) If the Brand Standards Manual is furnished in electronic or digital format by, for example, posting the Brand Standards on the Network Portal, Franchisee understands that Company will issue separate access passwords to Franchisee's General Manager and Franchisee's Primary Owner (if different people). Franchisee shall be in breach of this Agreement if any person with authorized user credentials to the Network Portal shares their authorized user credentials with anyone else, including other personnel in Franchisee's organization, or otherwise misuses the Brand Standards Manual or other Confidential Information. Franchisee shall take steps to ensure that, if any content is printed, the copies are kept in a secure place to prevent their inadvertent disclosure to persons not authorized to have the information.

(e) The Brand Standards Manual contains both mandatory and recommended specifications, standards, procedures, rules and other information pertinent to the System and Franchisee's obligations under this Agreement. The Brand Standards Manual, as modified by Company from time to time, is an integral part of this Agreement and all provisions now or hereafter contained in the Brand Standards Manual or otherwise communicated to Franchisee in writing are expressly incorporated in this Agreement by this reference and made a part hereof. Franchisee shall fully comply with all mandatory requirements now or hereafter included in the Brand Standards Manual and understands and agrees that a breach of any mandatory requirement shall constitute a breach of this Agreement and grounds for termination.

(f) Company reserves the right to modify the Brand Standards Manual from time to time to reflect changes that it may implement in the mandatory and recommended specifications, components, standards and operating procedures of the System. All revisions will be reflected in written or electronic supplements to the Brand Standards Manual or in other written or electronic communications delivered to Franchisee, and each supplement or communication shall become effective when it is posted on the Network Portal or on the later date specified by Company. If updates are provided by "hard" copy (as opposed to electronically), Franchisee shall insert any updated pages in its copy of the Brand Standards Manual upon receipt and remove superseded pages and return them to Company within 5 days following receipt. Franchisee shall adapt its operations to all revisions that Company makes to mandatory specifications, standards, operating procedures and rules at Franchisee's sole expense. Unless this Agreement designates a different time period in which to adopt changes to the System that Company may make through updates to the Brand Standards Manual, Franchisee shall have a reasonable amount of time, which will be no less than 30 days from the date an update is effective, or the longer period specified by Company.

(g) Franchisee will cease accessing and, in accordance with Company's instructions, either destroy or return to Company any physical copies that Franchisee has made of the Brand Standards Manual upon expiration or termination of this Agreement or consummation of an Event of Transfer.

8.4 Confidential Information. Franchisee acknowledges that Company will disclose Confidential Information to Franchisee during the Term in various ways, including by providing Franchisee with access to the Brand Standards Manual; offering training programs to Franchisee and its management-level employees; sharing data about the performance of Network Gyms as a whole or groups of Network Gyms for purposes of improving marketing and competitive strategies; sharing business plans and other competitively sensitive information; and through the performance of Company's obligations and the exercise of its rights under this Agreement. Franchisee shall acquire no interest in Confidential Information, other than a license to utilize it in the operation of the Franchised Gym subject to the terms of this Agreement.

(a) Franchisee's use, publication or duplication of Confidential Information for any purpose not authorized by this Agreement constitutes an unfair method of competition by Franchisee and, additionally, grounds for termination of this Agreement.

(b) Franchisee agrees to: (i) confine disclosure of Confidential Information to those of its management, employees and agents who require access to perform the functions for which they have been hired or retained; and (ii) observe and implement reasonable procedures prescribed from time to time by Company to prevent

the unauthorized or inadvertent use, publication or disclosure of Confidential Information, including requiring that any person given access to Confidential Information sign and be bound by Company's current form of Confidentiality Agreement. Upon request from Company, Franchisee shall deliver to Company a copy of each executed Confidentiality Agreement for its records. Company may terminate this Agreement if Franchisee, or any person required by this Agreement to execute a Confidentiality Agreement, breaches the Confidentiality Agreement. All agreements contained in this Agreement pertaining to Confidential Information shall survive the expiration, termination or Franchisee's assignment of this Agreement.

(c) The provisions concerning non-disclosure of Confidential Information shall not apply if disclosure of Confidential Information is legally compelled in a judicial or administrative proceeding if Franchisee has used its best efforts to provide Company a reasonable opportunity to obtain an appropriate protective order or other assurance satisfactory to Company of confidential treatment for the information required to be disclosed.

8.5 Client Data.

(a) Franchisee understands and agrees that Company owns all Client Data that is developed or generated due to Franchisee's efforts in performing its obligations under this Agreement even if Franchisee's efforts are solely responsible for recruiting the client to the Franchised Gym. Franchisee understands and agrees that this Agreement authorizes Franchisee to use Client Data during the Term to perform and deliver Authorized Services to clients of the Franchised Gym.

(b) The parties shall treat all Client Data as Company's Confidential Information. Franchisee may not publish, share or disclose Client Data without Company's prior written consent. If Company approves Franchisee's request to use Client Data for a particular purpose or in a particular manner, Franchisee may only use Client Data for the approved purpose and in the manner approved by Company in writing subject to abiding by Company's data privacy policies specified in the Brand Standards Manual, the obligations applicable to Confidential Information, and the requirements of Applicable Law.

(c) The expiration or termination of this Agreement for any reason shall automatically terminate Franchisee's license to use Client Data whereupon Franchisee must comply with the obligations regarding Client Data that take effect upon the termination or expiration of this Agreement.

8.6 Defense of the System.

(a) Company shall have the sole right to handle disputes with third parties challenging the rights of Company or Company's Affiliates, or their respective owners, in, or Franchisee's use of, the System or its components.

(b) Franchisee shall immediately notify Company in writing if Franchisee receives notice, or is informed, of any: (i) improper use of any of the components of the System; (ii) use by any third party of any mark, design, logo or commercial symbol which, in Franchisee's sole discretion, may be confusingly similar to any of the Licensed Marks; (iii) use by any third party of any business practice of software application which, in Franchisee's sole discretion, unfairly simulates the System in a manner likely to confuse or deceive the public; or (iv) claim, challenge, suit or demand asserted against Franchisee based upon Franchisee's use of any of the components of the System. A legal proceeding, use, demand or threat encompassing the subject matters described in (i), (ii), (iii) and (iv) is collectively referred to as a "**Third-Party Claim**."

(c) Company shall have sole discretion to take such action as it deems appropriate with respect to a Third-Party Claim, including to take no action, and the sole right to control any legal proceeding or negotiation arising out of a Third-Party Claim.

(d) Franchisee shall not settle or compromise any Third-Party Claim and agrees to be bound by Company's decisions over how to handle a Third-Party Claim. Franchisee shall cooperate fully with Company and execute such documents and perform such actions as may, in Company's sole discretion, be necessary, appropriate

or advisable in the defense of a Third-Party Claim and to protect and maintain Company's or Company's Affiliates', or their respective owners', rights in, or Franchisee's use of, the System or its components.

(e) Except as provided in this Section, Company agrees to defend Franchisee against the Third-Party Claim provided Franchisee has notified Company immediately after learning of the Third-Party Claim and fully cooperates in the defense of the Third-Party Claim. The rights granted to Franchisee under this Section shall be Franchisee's sole and exclusive remedy in the event of any Third-Party Claim involving any element of the System.

(i) Because Company will defend the Third-Party Claim, Franchisee is not entitled to be reimbursed for legal or other professional fees or costs paid to independent legal counsel or others in connection with the matter.

(ii) Notwithstanding Company's agreement to defend Franchisee under the conditions stated in this Section, Franchisee understands and agrees that Company is not liable to indemnify or reimburse Franchisee for any liability, costs, expenses, damages or losses that Franchisee may suffer or sustain as a result of the Third-Party Claim, with the exception that Company shall (i) reimburse Franchisee for Franchisee's actual direct costs to change any materials that bear the Licensed Marks or change any property incorporating any other feature of the System that is found to infringe the rights of a third party, and (ii) if a judgment is rendered against Franchisee, indemnify Franchisee for the amount of any damages awarded as part of the judgment.

(iii) Franchisee must assign to Company any claims that it may have against the third party asserting the infringement claim.

(iv) Franchisee, on behalf of itself and its Affiliates, hereby waives any claim against Company, Company's Affiliates, and their respective officers, directors, shareholders, employees and agents for lost profits or consequential damages of any kind based on Third-Party Claims involving the System.

(v) Company's obligation to defend and indemnify Franchisee against a Third-Party Claim shall not extend to any Third-Party Claim which is based, directly or indirectly, upon (i) any form of misuse of the System by Franchisee or its employees, agents, clients, or other invitees; or (ii) the unauthorized physical entry into the Approved Location or into the Computer System by a third party if Franchisee has not used due care to implement and enforce customary security measures to prevent unauthorized entry by third parties.

9. PAYMENTS

In addition to fees or other payments identified elsewhere in this Agreement, in consideration of the franchise and license granted to Franchisee pursuant to this Agreement, Franchisee shall make the following payments to Company or its designated Affiliate:

9.1 Initial Franchise Fee.

(a) Except as otherwise provided in this Section, Franchisee shall pay in full upon execution of this Agreement an initial franchise fee of the amount set out in **Section 9** of the **Commercial Addendum** (the "**Initial Franchise Fee**") less the amount of any deposit previously paid by Franchisee to Company before the Effective Date. The Initial Franchise Fee shall be fully earned when paid and no portion of it is refundable under any circumstance except as expressly provided in this Agreement.

(b) If Franchisee or an Affiliate of Franchisee are parties to one or more other Franchise Agreements on the Effective Date, Company shall extend a progressive 5% discount off of the then-current Initial Franchise Fee that Company is charging franchisees in the United States buying their first franchise up to a maximum 20% discount, as following:

Number of Existing Franchise Agreements Previously Entered Into By and Between Franchisee or its Affiliate and Company Before this Agreement	Percentage Discount
0	0
1	5%
2	10%
3	15%
4	20%
Each Franchise Agreement Above 4	20%

9.2 Security Deposit. If Franchisee is late on any payment due to Company, it must additionally pay Company, without offset, credit or deduction of any nature, a refundable Security Deposit of the amount set out in **Section 7** of the **Commercial Addendum** ("**Security Deposit**"). The Security Deposit is non-interest-bearing and will be held by Company as security for Franchisee's future performance of all future obligations under this Agreement. The Security Deposit applies equally to start-up and conversion franchisees if there is a payment default. By charging the Security Deposit, Company does not waive any of its rights or remedies under this Agreement or Applicable Law. Company shall notify Franchisee after debiting the Security Deposit and Franchisee shall have 15 days after receipt of Company's notice to replenish the Security Deposit to the full amount set out in **Section 7** of the **Commercial Addendum**. Following the Effective Date of Termination or Expiration of this Agreement, Company may apply any balance of the Security Deposit on hand to any outstanding amount due from Franchisee to Company or Company's Affiliate. Company will refund the balance of the Security Deposit, if any, to Franchisee within 30 days after the Effective Date of Termination or Expiration of this Agreement if Franchisee has fulfilled all other duties imposed by this Agreement on Franchisee following the Effective Date of Termination or Expiration of this Agreement including executing Company's form of general release.

9.3 Royalty Fee. From and after the Opening Date, Franchisee shall pay without offset, credit or deduction of any nature a continuing Royalty Fee ("**Royalty Fee**") equal to the amount set out in **Section 10** of the **Commercial Addendum**. The Royalty Fee shall be all due and payable weekly (in an amount of $400 per week). Payment shall be accomplished following Company's electronic funds transfer procedures described in the Brand Standards Manual which may include payment by automatic direct debit or an equivalent system that eliminates delay in crediting Company's bank account with the Royalty Fees due for each period.

9.4 Marketing Fee. From and after the Opening Date, Franchisee shall pay without offset, credit or deduction of any nature a continuing Marketing Fee ("**Marketing Fee**") equal to the amount set out in **Section 11** of the **Commercial Addendum.** The Marketing Fee shall be due and payable for the same period and on or before the same date as the Royalty Fee.

9.5 Grand Opening Launch Fee and Ad Spend Fee. Franchisee shall pay in full upon execution of the lease and Addendum to Lease a non-refundable Grand Opening Launch Fee and Ad Spend Fee in the amount set out in **Section 12** of the **Commercial Addendum** to cover Company's cost for grand opening launch services provided by Company, and to create content, purchase advertising, marketing and promotion in social and traditional media, and respond to and manage queries from prospective customers prior to the opening of the Franchised Gym.

9.6 Technology Fee.

(a) After Franchisee signs the Lease and an Addendum to Lease for its Franchised Gym, Franchisee shall pay without offset, credit or deduction of any nature a continuing Technology Fee ("**Technology Fee**") in the amount set out in **Section 13** of the **Commercial Addendum** per Calendar Month. In exchange for payment of the Technology Fee, Company will assist Franchisee with setting up an account with Mindbody, Inc. ("**MBO**") or the then-current third party software solutions provider that Company designates. Franchisee's payment of the Technology Fee will be accomplished by Company debiting Franchisee's designated bank account for $850 per Calendar Month (prorated for any partial month). After Company invoices Franchisee for the first payment of the Technology Fee, Company will debit Franchisee's designated bank account for the Technology Fees payable for the remainder of the Term on the first day of the Calendar Month.

(b) For an additional fee in the amount set out in **Section 13** of the **Commercial Addendum** per Calendar Month, Company will provide additional email addresses for Franchisee's Primary Owner, General Manager, and any other employees whom Franchisee designates that are linked to its Franchised Gym Subpage.

(c) Company may increase the Technology Fee if and as MBO and Twilio increase their fees to Company. Additionally, Company may increase the Technology Fee by up to 10% per year effective on January 1 of each calendar year during the Term of this Agreement without proration for any partial period on at least 30 days' prior written notice.

(d) Franchisee understands and agrees that the Technology Fee does not cover other costs that Franchisee may incur and pay to third parties for services like text messages; costs for software that Company requires Franchisee to use to play music during classes which Franchisee shall arrange to obtain from approved third party suppliers; or costs paid to Company or approved third party suppliers for optional technology services.

9.7 Fitness Equipment.

(a) Franchisee must purchase an initial equipment package from Company or its designated Affiliate consisting of the specific fitness exercise machines and props that Company designates for the Franchised Gym according to the size and approved layout of the workout area in the Franchised Gym at Company's then-current pricing schedule published in the Brand Standards Manual when Franchisee places its order.

(b) Franchisee must place its order for the initial equipment package within 30 days after taking possession of the Approved Location to ensure delivery and installation before the Opening Date. Franchisee must pay 100% of the cost of the initial equipment package plus estimated shipping costs to Company or its designated Affiliate when Franchisee places its order before the Opening Date. Franchisee must thoroughly inspect all fitness equipment upon delivery to ensure that the equipment is in good working order.

(c) Franchisee must also purchase other fitness equipment required for a Gym not included in Company's initial equipment package as disclosed in the Brand Standards Manual from Company's designated or approved third party supplier including treadmills when the Approved Location is in an area that cannot accommodate outdoor running sufficiently before the Opening Date to ensure delivery and installation before the Opening Date.

(d) During the Term, at Franchisee's sole expense, Franchisee must keep all fitness equipment in working order and in good, clean condition and repair consistent with manufacturer warranty requirements. Franchisee must purchase replacement equipment, parts, and accessories and newer models of fitness equipment on an "as needed" basis or add new fitness equipment models that Company may introduce in Network Gyms in the United States.

9.8 Branded Retail Merchandise. Before the Opening Date, Franchisee shall purchase a reasonable quantity of current styles of Branded Retail Merchandise from Company at Company's then-current pricing schedule published in the Brand Standards Manual when Franchisee places its order to have on hand for sale to clients on and after the Opening Date. Franchisee understands that Company may introduce new proprietary and branded merchandise, wearable fitness tracking devices, and nutritional supplements, vitamins, foods and beverages not currently sold as Branded Retail Merchandise, and Franchisee must offer for sale all of the current styles and SKUs of Branded Retail Merchandise from the Franchised Gym as Branded Retail Merchandise may change. During the Term, Franchisee shall maintain in its inventory reasonable quantities of all current styles of Branded Retail Merchandise to avoid out-of-stock conditions. Company will allow Franchisee a reasonable amount of time to sell its inventory of discontinued styles and SKUs. However, Franchisee may only sell Branded Retail Merchandise from the Franchised Gym and not from any other location or on the internet or through any other trade channel.

9.9 Method of Payment of Fees.

(a) All fees and other payments required to be made to Company or Company's designated Affiliate shall be due and payable on or before the date indicated in this Agreement or the Brand Standards Manual. Payment shall be accomplished through an electronic payment system designated by Company that uses pre-

authorized transfers from Franchisee's designated operating bank account to Company through automated clearing house, or, if Company requests, by special checks or other equivalent payment system that Company designates in the Brand Standards Manual or otherwise in writing. Alternatively, Company may accomplish payment by debiting the Security Deposit (if applicable).

(b) On no less than 30 days' written notice, Company may change the method of payment by requiring that Franchisee's required point-of-sale software or client management system remit Royalty Fees and Marketing Fees directly to Company at the time of each customer transaction. Thus, for example, if a customer spends $100 for a package of classes, Franchisee's point-of-sale software or client management system would remit to Company the $7.00 Royalty Fee and $2.00 Marketing Fee on the customer transaction. On a monthly basis, by the 10th day of the following calendar month, Company will reconcile all Royalty Fee and Marketing Fee payments made to Company during the prior month, and will require Franchisee to pay the difference between the minimum amount owed to Company and the minimum amount actually paid to Company during the relevant period, if any.

(c) Franchisee shall give its bank instructions in a form provided or approved by Company and obtain the bank's agreement to follow the instructions to effectuate the electronic payment system meeting Company's requirements. Without Company's prior written consent, the bank may not withdraw, modify or cancel its agreement to abide by the instructions provided by Franchisee. Franchisee must also execute any other documents or agreements reasonable or necessary to establish or maintain the electronic payment system as Company or the bank may reasonably request from time to time. Franchisee understands that Company may modify the minimum specifications or requirements of the electronic payment system at any time upon written notice and agrees to adopt the changes at its sole expense within a commercially reasonable time not to exceed 30 days after receipt of Company's written notice, which may require changes to the bank's agreement.

(d) Franchisee shall deposit all Gross Revenue from the Franchised Gym into the designated operating bank account accessed by the electronic payment system within 24 hours of receipt. It shall be a material breach of this Agreement for Franchisee to use another bank account for any purpose to operate the Franchised Gym besides the designated operating bank account.

(e) Franchisee shall maintain sufficient funds in the designated operating bank account at all times during the Term to ensure full payment of all fees and other payments required by this Agreement that are based upon the Gross Revenue of the Franchised Gym, interest and all other obligations payable to Company when due. If a payment cannot be made due to insufficient funds in Franchisee's operating account, Company may, in its sole discretion or election, declare a breach of this Agreement, in which case Company may (i) terminate this Agreement in accordance with the procedures for termination, or (ii) require that Franchisee direct its bank to send Company a monthly or periodic statement showing all account activity at the same time that it sends such statements to Franchisee or give Company electronic access to Franchisee's account activity if the bank makes electronic access available to its account holders.

(f) Franchisee may apply to Company for a credit against future Royalty Fees and Marketing Fees payable to Company for the actual amount of Gross Revenue that Franchisee pays to a client in a bona fide refund transaction if the following two conditions apply: (i) Franchisee refunds the Gross Revenue to the client within 15 days of the client's original payment; and (ii) at the time of the refund Franchisee has reported the Gross Revenue to Company and paid Royalty Fees and Marketing Fees on the Gross Revenue refunded to the client. To request the credit against future Royalty Fees and Marketing Fees payable to Company, Franchisee must present Company with appropriate documentation allowing Company to verify the date and exact amount of the bona fide client refund transaction, the reason for the refund, and any other information reasonably requested by Company. Company will not honor requests for a Royalty Fee credit that do not comply with Company's policy.

(g) Franchisee understands and agrees that its failure to report Gross Revenue for any period will prevent Company from debiting Franchisee's operating account with the appropriate amount due to Company. In that event, Franchisee authorizes Company to debit its operating account for 120% of the last payment of the Royalty Fee, Brand Awareness Fee and Enterprise Account Technology Fee (each of which are based on Gross Revenue) paid to Company together with the late fees and interest permitted by this Agreement.

(h) Unless Franchisee notifies Company in writing within 10 days after Company debits Franchisee's operating account of an error in the amount that Company debits for any Accounting Period, Franchisee shall be barred forever from challenging the amount that Company debits. However, if at any time Company discovers that the amounts that Company has debited from Franchisee's operating account are less than the amounts actually due to Company based on the Franchised Gym's actual Gross Revenue for the relevant Accounting Period, Company may immediately debit Franchisee's operating account for the balance. Company agrees that if the amounts that Company debits from Franchisee's operating account exceed the amounts actually due to Company for the relevant Accounting Period, Company will credit the excess to the next payment of Royalty Fees and Brand Awareness Fees due from Franchisee. Nothing in this Section is intended to excuse Franchisee's obligation to report Gross Revenue for any Accounting Period in a timely and accurate fashion or to limit or waive Company's right to declare Franchisee in material default based upon non-payment of the fees or other payments due to Company.

(i) Franchisee shall bear all costs to establish and maintain the required electronic payment system meeting Company's requirements and all fees and charges resulting from insufficient funds being in Franchisee's bank accounts at the time funds are withdrawn to pay obligations owed to Company or Company's Affiliates. The duty to maintain an electronic payment system shall not change the date on which payments are due under this Agreement.

9.10 Late Charge. If Franchisee fails to pay any amount due to Company under this Agreement by the date payment is due, Franchisee shall additionally be obligated to pay, as a late charge, the product of the total amount past due multiplied by 1.5% per Calendar Month (but not to exceed the maximum legal rate of interest then permitted under Applicable Laws) calculated starting on the date payment was due and continuing until the entire sum and late charge is paid in full. Franchisee understands and agrees that the late charge is not an agreement by Company to accept any payment after the date payment is due or a commitment by Company to extend credit to, or otherwise finance, the Franchised Gym. Franchisee's failure to pay all amounts when due shall constitute grounds for termination of this Agreement in accordance with the requirements of this Agreement notwithstanding Franchisee's obligation to pay a late charge.

9.11 Application of Payments. Notwithstanding any designation given to a payment by Franchisee, Company shall have the sole discretion to apply any payments from Franchisee to any past due indebtedness owed to Company or Company's Affiliates in the amounts and in such order as Company shall determine.

9.12 No Right to Withhold Payment. Franchisee shall have no right to withhold payments due to Company or any of its Affiliates based on Franchisee's allegation that Company or Company's Affiliates are in breach of their obligations under this Agreement or for some other reason.

9.13 Gross Receipts or Equivalent Taxes. Franchisee will pay to Company the amount of any state or local sales, use, gross receipts, or similar tax that Company may be required to pay now or in the future as determined by any state or local government on any Royalty Fees, Marketing Fees or other payments that Franchisee pays to Company under this Agreement regardless of whether the state or local tax is imposed directly on Company, is required to be withheld by Franchisee from amounts due to Company under this Agreement, or is otherwise required to be collected by Franchisee from Company. Franchisee's payment of taxes to Company must be paid on or before the date payment must be withheld by Franchisee or paid by Franchisee under Applicable Laws and Franchisee shall pay Company the amount of taxes due and owing in the same manner as payment of the Royalty Fee. Franchisee's obligation under this Section will not be reduced or offset by any type of claim, credit or deduction of any kind. This provision will not apply to Company's liability for income or comparable taxes measured by income that Company receives on account of its relationship with Franchisee.

10. BUSINESS RECORDS AND AUDIT RIGHTS

10.1 Bookkeeping Service.

(a) Until further notice, Franchisee's use of the Bookkeeping Service is optional. Franchisee may use the Bookkeeping Service to help Franchisee manage its payroll, accounts payable, accounts receivable, general ledger, operating bank account reconciliation, and prepare its Calendar Month and Calendar Year-to-Date

financial reports, including a balance sheet, cash flow report, and income statement. Franchisee may engage the Bookkeeping Service to provide Franchisee with additional services as Franchisee and the Bookkeeping Service may mutually agree. At any time and for any reason, upon no less than 30 days' written notice, Company may require that Franchisee engage the Bookkeeping Service for the functions described in this Section.

(b) Company's designation of a particular Bookkeeping Service does not render Company responsible for the accuracy of the Bookkeeping Service's work product.

(c) Franchisee is solely liable for paying the Bookkeeping Service its fees for performing the scope of work engaged by Franchisee. Franchisee and Company shall each have full remote access to the reports generated by the Bookkeeping Service.

(d) Franchisee shall keep any physical copies of the reports and business records generated by the Bookkeeping Service in a secure place in the Franchised Gym or at the address where notices to Franchisee are to be sent unless Franchisee obtains Company's prior written consent to keep them elsewhere.

10.2 Reports.

(a) Within 30 days after the end of each Accounting Period, Franchisee shall prepare and submit to Company financial reports for the Accounting Period and year-to-date just ended consisting of a balance sheet, cash flow report, and income statement.

(b) Franchisee will be deemed to certify that it has personal knowledge of the information and data in all reports that it submits to Company or directs a third party to submit to Company on its behalf and that the report is true and correct and does not omit material facts that are necessary to make the information disclosed not misleading.

(c) Company may use the operational and financial results of the Franchised Gym for any purpose that does not publicly attribute specific results to Franchisee or the Franchised Gym or expose Confidential Information to the public. Among other things, Company may use the information in Franchisee's reports to (i) provide Franchisee with consultation and advice or to address performance deficiencies; (ii) monitor Franchisee's performance under this Agreement and the Gross Revenue, operating costs, expenses and profitability of the Franchised Gym; (iii) develop statistics across all Network Members; (iv) implement changes in the System to respond to competitive and marketplace changes or to promote and enhance the reputation and goodwill associated with the Licensed Marks; and (v) create new marketing, promotional, and publicity content.

(d) Franchisee shall maintain all business records and operating and financial reports for a minimum of 5 years during, and following, the expiration, termination, or an Event of Transfer of this Agreement by Franchisee.

10.3 Audit Rights.

(a) Without prior notice to or the consent of Franchisee, Company shall have the absolute right to remotely poll and copy the information that Franchisee stores on its own computers or enters into the Computer System. Franchisee shall observe the mandatory requirements in the Brand Standards Manual to enable Company's remote access, including providing on request all passwords, access keys and other security devices as necessary to permit Company's access to data that verifies the actual financial performance of the Franchised Gym. Company may share the access credentials with its designated representative that it engages to conduct an audit on its behalf.

(b) Franchisee shall promptly comply with Company's requests for additional information so that Company may verify Franchisee's compliance with this Agreement.

(c) When an examination or audit requires that Company or its representatives have access to the Approved Location or other place where Franchisee keeps its business records, Franchisee shall cooperate and provide access during normal business hours reasonably promptly following Company's request.

(d) If any examination or audit conducted by Company reveals any understatement in the Gross Revenue or other false information reported by Franchisee to Company, then Franchisee shall, within 10 days after notice from Company, pay to Company any additional fees calculated as a percentage of Gross Revenue that are due and unpaid, together with interest and late charges as provided in this Agreement. Additionally, Company may require that, until further notice from Company, all future reports and financial statements submitted by Franchisee pursuant to this Agreement be prepared by an independent certified public accountant acceptable to Company.

(e) If Company discovers that Franchisee has underreported Gross Revenue by an amount which is 3% or more of the actual Gross Revenue for the period, Franchisee shall also pay and reimburse Company for all expenses that Company incurs connected with Company's examination and audit, including Company's accounting and legal fees and travel expenses.

(f) If 2 or more audits or examinations of Franchisee's business records conducted within any 24 Calendar Month period disclose that Franchisee has underreported Gross Revenue by an amount which is 3% or more of the actual Gross Revenue for the period, then the second understatement shall be conclusively presumed to have been intentional for purposes of this Agreement. In addition to the consequences identified in this Agreement arising because of the understatement, Company may terminate this Agreement upon discovery of the second understatement based upon Franchisee's intentional underreporting of Gross Revenue.

11. STANDARDS OF QUALITY AND PERFORMANCE

11.1 Uniformity.

(a) Franchisee acknowledges the importance of maintaining uniform standards of operation to protect and enhance the reputation and public acceptance of the System and maximizing Gross Revenue opportunities for all Network Members. Franchisee agrees to conduct the Franchised Gym in strict compliance with the requirements of this Agreement and the Brand Standards Manual.

(b) Franchisee shall only permit the then-current Authorized Services to be publicized and performed at the Franchised Gym. Franchisee may request in writing Company's approval to offer particular services or merchandise that are not then part of Authorized Services. Company shall have 30 days to consider Franchisee's request and the absolute right to reject Franchisee's request for any reason. Company's failure to respond by the end of 30 days shall signify Company's disapproval.

(c) All standards, specifications and requirements for performing Authorized Services shall be in the Brand Standards Manual or otherwise communicated to Franchisee in writing and may be revised by Company as frequently as Company deems necessary in its sole discretion to promote the System and respond to competitive and marketplace changes. Franchisee may not materially deviate from Company's uniform standards of operation without Company's prior written approval, which Company may withhold in its sole discretion.

(d) Franchisee shall conform to all changes pertaining to Authorized Services, Designated Goods/Services, and Non-Designated Goods and Services at its sole expense within a commercially reasonable time following written notice from Company unless the change is due to a health or safety concern, in which case Franchisee will implement the change immediately. Franchisee shall not place a new order with a supplier after receiving written notice that Company's approval of the supplier has been withdrawn or revoked.

(e) Company shall have the absolute right to modify the System at any time including changing design and appearance requirements, trade dress elements, layout, fitness and other equipment, leasehold improvements, imaging requirements, signs, and accounting and recordkeeping systems. Company shall communicate changes through updates to the Brand Standards Manual or written or electronic communications. Franchisee shall have a reasonable amount of time to conform to all System changes at its sole expense. However, Company agrees that, excluding modifications that Franchisee must make as a condition of exercising the Renewal Option, Franchisee shall not be required to spend more than $20,000 per Calendar Year from and after the Opening Date, prorated for any partial period. The requirements of this Section shall not modify Franchisee's ongoing duty to keep the Franchised Gym in continuous good condition and repair, ordinary wear and tear excepted as a first class

fitness facility. Company excludes Franchisee's expenses for repair and maintenance from the annual maximum that Franchisee must spend to make System upgrades.

11.2 Designated Goods/Services.

(a) Franchisee shall purchase, lease or license the particular Designated Goods/Services that Company identifies and introduces into the System during the Term only from the supplier that Company specifies. The designated supplier of any particular Designated Goods/Services may include, or be limited to, Company or Company's Affiliates. Company may add to, modify, substitute or discontinue any exclusive supply or other types of purchasing arrangements involving Designated Goods/Services in the exercise of its reasonable business judgment.

(b) Company may add new Designated Goods/Services and delete existing items from those that Company identifies as Designated Goods/Services and change the specifications, components, methods of use, designations, and other features of any Designated Goods/Services, or the designated supplier, as frequently as Company deems necessary in its sole discretion. Company may withdraw its designation of a particular item or approved supplier of Designated Goods/Services at any time in Company's sole discretion.

(c) Nothing in this Agreement obligates Company to reveal any non-public information regarding Designated Goods/Services or Company's relationship with suppliers of Designated Goods/Services, all of which Franchisee understands and agrees constitute Confidential Information.

(d) Company does not represent that the designated supplier will sell the Designated Goods/Services at a lower price than Franchisee might be able to purchase comparable goods or services from a different supplier, nor does Company guaranty the designated supplier's performance. Company's designation, recommendation or approval of a supplier of either Designated Goods/Services or Non-Designated Goods/Services does not constitute a representation or warranty of the supplier's ability to meet Franchisee's purchasing requirements or of the fitness or merchantability of the items sold by the supplier. Franchisee's sole remedy in the event of any shortages, delays or defects in the items purchased or problems with the accuracy or timeliness of the approved supplier's performance shall be against the supplier and not against Company or Company's Affiliates unless Company or Company's Affiliate is the supplier, in which case Franchisee's remedies are subject to the limitations in this Agreement.

11.3 Non-Designated Goods/Services and Alternative Suppliers.

(a) Company shall designate all Non-Designated Goods/Services which Franchisee may or must use to perform Authorized Services by brand name or other means of identification. Franchisee may purchase, lease or license Non-Designated Goods/Services meeting Company's specifications only from suppliers which Company recommends or approves, which Company may revise in its sole discretion at any time and which in certain cases may include Company and Company's Affiliates. All changes in specifications for Non-Designated Goods/Services, or to the list of approved suppliers, shall be communicated to Franchisee by written supplements to the Brand Standards Manual or otherwise in writing. Specification changes to Non-Designated Goods/Services may include replacing Non-Designated Goods/Services with Designated Goods/Services that perform or satisfy the same or similar function or purpose or by adding, deleting or changing a particular brand specification. Franchisee shall not place a new order for Non-Designated Goods/Services with a supplier after receiving written notice that Company's approval of the supplier has been withdrawn or revoked.

(b) If Franchisee desires to offer for sale or use at the Franchised Gym any item which does not, at that time, meet Company's specifications for Non-Designated Goods/Services, or desires to purchase any Non-Designated Goods/Services from a supplier who is not on Company's approved supplier list, Franchisee shall submit a written request to Company identifying the proposed item or supplier, together with (i) samples of the item for examination and/or testing so that Company may evaluate if the item meets its specifications and quality standards; and (ii) information supporting the proposed supplier's financial capability, business reputation, delivery performance and credit rating. Company may charge a testing fee of up to $2,500 per request for approval of an alternative product, service or supplier. Franchisee's payment of the testing fee is a condition to obtaining approval to offer for sale, or use, an item or buy from a supplier that is not at the time approved by Company.

(i) Company will notify Franchisee in writing within 30 days after receiving all requested information and the required testing fee and completing any inspection or testing if it approves the proposed item and/or supplier. Company's failure to timely respond shall constitute its disapproval. Each supplier designated or approved by Company must comply with Company's usual and customary requirements regarding insurance, indemnification and non-disclosure.

(ii) While Company will use its reasonable best efforts to identify more than one recommended supplier per category of Non-Designated Goods/Services and to secure favorable pricing terms from third-party suppliers whom Company recommends, Company makes no representation or warranty that the prices of Non-Designated Goods/Services offered for sale by recommended suppliers will be the lowest prices available from any supplier capable of furnishing the same Non-Designated Goods/Services meeting Company's specifications.

11.4 Purchases from Company or Company's Affiliate.

(a) For fitness equipment, Branded Retail Merchandise and other Designated Goods/Services where Company or its Affiliate is the exclusive supplier of Designated Goods/Services and for any Non-Designated Goods/Services where Company or its Affiliate is a recommended supplier, Franchisee understands and agrees that Company or Company's Affiliate, as the supplier, shall have the absolute right to establish and change prices and other terms of sale, shipment and delivery, which shall be stated on their invoice or purchase order forms, in the Brand Standards Manual or communicated to Franchisee by other means; provided, however, the prices that Franchisee shall pay shall be the same prices that Company or its Affiliate charges similarly situated Network Members in the United States based on considerations of purchase order size, delivery distance, shipping costs, past payment history, current credit history and similar factors. Company and its Affiliate may change their prices and payment terms at any time on no less than 30 days' written notice and may receive a profit on their transactions with franchisees.

(b) Company or its Affiliate, as supplier, may discontinue the sale of any Designated Goods/Services or Non-Designated Goods/Services for any reason upon commercially reasonable notice to Franchisee; however, in the case of Designated Goods/Services, Company shall not discontinue sales until after providing written notice to Franchisee identifying an approved substitute supplier.

(c) As a supplier, Company or Company's Affiliate shall use reasonable commercial efforts to fill and ship Franchisee's orders within a commercially reasonable time, but shall not be liable to Franchisee for shortages, delays or defects due to events of Force Majeure.

11.5 Standards of Service.

(a) In operating the Franchised Gym, Franchisee shall offer its clients all of the activities that Company identifies as mandatory Authorized Services, including installing the models of fitness equipment that Company specifies, offering the fitness classes that Company designates, offering all current styles of Branded Retail Merchandise, and offering or utilizing any other goods or services that Company designates as a then-current mandatory component of the System. Company may designate other Authorized Services as optional, in which case Franchisee may decide whether to incorporate optional features of the System in the operation of the Franchised Gym subject to space limitations and Franchisee's compliance with Applicable Laws. However, any operational Authorized Services that Franchisee chooses to provide must comply with Company's requirements, specifications and guidelines.

(b) Company may modify the mandatory and optional Authorized Services and features of the System at any time, including modifying appearance and trade dress elements, sign requirements, fitness equipment and fitness props, and genre and style of music, videos, and live television that Franchisee may play or display in the Franchised Gym. Company will communicate all changes by revisions to the Brand Standards Manual. There is no limit on the frequency that Company may impose these modifications or on the cost to make mandatory changes to the System. Company will give Franchisee a reasonable time period after written notice of mandatory changes in which to implement these changes and discontinue any practices that Company deletes from the System.

(c) Franchisee may only provide Authorized Services at or from the Approved Location and not elsewhere. Franchisee may only sell Branded Retail Merchandise by completing transactions with clients

physically present at the Franchised Gym and may not offer or sell Branded Retail Merchandise from any Internet website, including from the Franchised Gym Subpage.

(d) Franchisee shall (i) adhere to Company's mandatory business operating procedures, including instructions for use and maintenance of fitness equipment, requirements for public safety, guidelines for Local Marketing, and specifications for reproducing the Licensed Marks; (ii) update the physical appearance of the Approved Location to incorporate changes that Company may periodically make to the then-current specifications for the design, appearance and trade dress of Network Gyms; (iii) utilize the Computer System and other accounting and recordkeeping systems specified in the Brand Standards Manual or otherwise by Company in writing; (iv) comply with Company's guidelines for establishing terms and conditions for selling memberships and class packages redeemable only at the Franchised Gym; and (v) operate the Franchised Gym in accordance with Company's client service standards and client refund policies. All mandatory and recommended requirements, specifications and guidelines shall be in the Brand Standards Manual or otherwise communicated to Franchisee and may be revised by Company as frequently as Company deems necessary in its sole discretion to promote the System and respond to competitive and marketplace changes. Franchisee shall not offer for sale or sell any other kinds of products, merchandise or services, or otherwise deviate from Company's current operating standards or specifications for services, products or merchandise, except with Company's prior written consent.

(e) To test new products, services or delivery systems, Company may limit the sale of certain fitness programs or Branded Retail Merchandise to select Network Gyms or within designated geographic regions in the United States, in Company's sole discretion. Company may ask Franchisee to test specific new products, services or delivery systems. Franchisee agrees to participate in up to two test marketing programs per Calendar Year without reimbursement or compensation of any kind.

(f) The Franchised Gym shall be open for business every day of the week except on the approved holidays identified in the Brand Standards Manual and for no less than the minimum number of hours prescribed in the Brand Standards Manual per day, unless Franchisee obtains Company's prior written approval to close on a specific date or unless operating on a specific day is prohibited by the Lease. Franchisee may determine and shall advise Company of the specific daily operating hours of the Franchised Gym and the specific approved group fitness class schedule that Franchisee publicizes, and will promptly notify Company of any changes in this information, including notifying Company of class cancellations after publicizing the class. Franchisee shall prominently disclose its operating hours and class schedule to the public in the manner required by the Brand Standards Manual, and shall be open and fully prepared to conduct business during all posted operating hours.

(g) Franchisee shall, at its sole expense, maintain (i) an active e-mail account and e-mail address with an established Internet service provider, keep Company informed of its current e-mail address and manage its e-mail account so that it does not become full or otherwise incapable of accepting new messages and downloads if Company elects to furnish all, or portions of, the Brand Standards Manual or other information or documents electronically by means other than by postings on the Network Portal; and (ii) an electronic data exchange service designated by Company to enable Company to remotely retrieve sales, inventory and other operating data for the Franchised Gym as frequently as Company deems necessary.

(h) Franchisee shall install a sound system in the Franchised Gym and observe Company's specifications for the genre and style of music in the Franchised Gym. Franchisee shall also install television monitors and use them solely to display the pre-recorded training class sessions that Company delivers to Franchisee.

(i) Franchisee shall not install or maintain on the Approved Location any newspaper racks, pay-to-play video or other types of gaming devices, ATM machines, jukeboxes, vending machines, rides or other similar devices except with Company's prior written consent. Franchisee shall not display any "for-sale" signs or other words indicating or implying that the Franchised Gym is for sale or that Franchisee is seeking or desires any form or type of Event of Transfer.

(j) As part of the System, Company may set minimum or maximum prices and establish client refund policies to the fullest extent permitted by Applicable Laws for, among other things, memberships, class packages and Branded Retail Merchandise.

11.6 Business Entity.

(a) Company only does business with Franchisees that operate as a Business Entity. On or before the Effective Date of this Agreement, Franchisee shall furnish to Company a copy of its articles of incorporation, by-laws, operating agreement, partnership agreement or other governing agreement, and provide Company with the names of its Executive Management and owners, identifying which owners are an Equity Holder. During the Term, Franchisee shall promptly provide Company with a copy of any amendments to, or changes in, this information. Additionally, within 15 days following Company's request, which Company may not ask for more frequently than twice in any Calendar Year, Franchisee shall deliver a true and correct list of Franchisee's Executive Management and owners, identifying which owners are an Equity Holder.

(b) Franchisee shall maintain stop transfer instructions against the transfer on its records of any equity or ownership interests. Each certificate representing an ownership interest in Franchisee shall bear a legend in the form stated in the Brand Standards Manual, that it is held, and further assignment or transfer thereof is, subject to all restrictions imposed upon an Event of Transfer in this Agreement.

11.7 Operating Expenses. Franchisee shall pay all of the operating expenses of the Franchised Gym in a timely manner and understands and agrees that its failure to do so could materially harm the reputation of the Licensed Marks and the ability of Company and other Network Members to obtain the same favorable purchase, lease or finance terms. If Franchisee has a bona fide dispute with any supplier or vendor which Franchisee believes justifies non-payment or partial payment, Franchisee must promptly notify the supplier or vendor of the particulars of its claim and diligently pursue resolution of the claim or prosecution of appropriate legal action. Any trade debt which remains unpaid for more than 60 days after the date it is due shall constitute a breach of this Agreement unless, before the end of the 60-day period (i) Franchisee and the supplier or vendor agree to alternative payment terms; or (ii) Franchisee initiates appropriate legal action to contest the trade debt. Company shall have no liability for Franchisee's debts or obligations to third parties.

11.8 Computer System.

(a) Franchisee must use the Computer System to record all transactions with clients and all Gross Revenue and expenses of the Franchised Gym. Franchisee may not use any other type of computer or device for this purpose.

(b) Franchisee shall purchase or lease from any supplier that Company designates or, if there is no designated supplier, from any recommended or approved supplier, and install, all of the hardware components and license the operating software that Company designates as part of the Computer System and cause the Computer System to be fully operational by no later than the first day of New Gym Opening Launch training conducted before the Opening Date.

(c) Franchisee shall maintain a service contract in force for all hardware and peripheral equipment that is part of the Computer System and replace defective equipment to ensure that the Computer System is functioning optimally at all times.

(d) Company shall specify the software applications that are part of the Computer System that Franchisee must subscribe to, install or use to operate the Franchised Gym. Company may designate itself as the master administrator of all mandatory software applications. Nothing in this Agreement requires Franchisee to use any labor scheduling tools that may be included in operating software that Company identifies is part of the Computer System.

(e) Company may impose changes in the mandatory specification for the Computer System as frequently as Company deems to be in the best interest of the System, including (i) replacing all of the hardware and software systems with new technology, which may be proprietary to Company or Company's Affiliate; and (ii) designating a specific vendor for the Computer System. Within a reasonable time following Company's written notice, Franchisee shall conform to the changes that Company specifies at Franchisee's sole expense.

(f) Franchisee agrees to pay reasonable licensing fees to Company at the same rate that Company charges other Network Members for the use of any proprietary software applications that Company may develop in the future and incorporates as part of the Computer System. Additionally, Franchisee understands that if a third-party software service provider of software that Company includes in the specifications for the Computer System refuses to bill Network Members individually for the use of the software and insists on consolidating all usage fees by Network Gyms and invoicing Company, Franchisee agrees to remit payment to Company for its allocable share of the third-party service provider's fees.

11.9 Approved Location and Tangible Property.

(a) Franchisee shall, at its sole expense, maintain the condition and appearance of the Approved Location and all equipment, fixtures, leasehold improvements, camera and monitoring system, and other tangible property used to operate the Franchised Gym in the highest degree of cleanliness, orderliness and repair, consistent with the standards, specifications and requirements of the System. Franchisee shall replace any fixtures, leasehold improvements, equipment or other tangible property used to operate the Franchised Gym which becomes worn, damaged and non-repairable, or mechanically impaired to the extent that it no longer adequately performs the function for which it was originally intended. All replacement items shall be of the same type, model and quality then specified in the Brand Standards Manual at the time replacement is required.

(b) Franchisee understands and agrees that its failure to repair or maintain the Approved Location and the fixtures, leasehold improvements, equipment and other tangible property of the Franchised Gym in accordance with Company's standards is a breach of this Agreement. Without waiving its right to terminate this Agreement for such reason, Company may notify Franchisee in writing specifying the action to be taken by Franchisee to correct the deficiency and assess a Non-Compliance Fee in accordance with this Agreement if the deficiency is not corrected by the Citation Deadline defined in this Agreement. Additionally, if Franchisee fails or refuses to initiate a bona fide program to complete any required repair, maintenance or corrective work within 30 days after receiving Company's written notice, Company shall have the right, in addition to all other remedies, to enter the Approved Location and complete the required repair, maintenance or corrective work on Franchisee's behalf. Company shall have no liability to Franchisee for any work performed. If Company elects to perform required repair, maintenance or corrective work, or replace non-conforming property with conforming property, Franchisee shall be invoiced for labor and materials, plus a 25% service charge and an amount sufficient to reimburse Company for Company's actual direct costs to supervise, perform and inspect the work and procure any replacement items, including labor, materials, transportation, lodging, meals, contractor fees and other direct expenses, all of which shall be due and payable upon receipt of invoice.

(c) Franchisee shall not alter or modify the Approved Location or any of the fixtures, leasehold improvements, equipment or other tangible property used to operate the Franchised Gym in a manner contrary to Company's then-current standards.

(d) In addition to maintaining the Approved Location, fixtures, leasehold improvements, equipment and tangible property in continuous good condition and repair in accordance with this Agreement, Franchisee shall, at its sole expense, within a commercially reasonable amount of time following notice from Company and in accordance with Company's directions, periodically make reasonable capital expenditures to remodel, modernize and redecorate the Approved Location so that the Franchised Gym at all times reflects the then-current trade dress and design aesthetic of the System.

11.10 Local Marketing.

(a) Franchisee must spend the minimum amount set out in **Section 14** of the **Commercial Addendum** each Calendar Quarter on Local Marketing after the Opening Date ("**Minimum Local Marketing Obligation**"). Franchisee must substantiate its local marketing expenditures each Calendar Quarter on request. If Company determines that Franchisee's actual expenditures for a Calendar Quarter is less than the Minimum Local Marketing Obligation, Franchisee must pay Company the difference within 10 days following written notice, plus an amount equal to 25% of the difference, which Company will deposit into the Marketing Fund. Franchisee's failure to spend the Minimum Local Marketing Obligation on approved Local Marketing is a default under this Agreement.

(b) Franchisee shall comply with the written guidelines for Local Marketing in the Brand Standards Manual. Franchisee understands that Company's written guidelines for Local Marketing may include the requirement that Local Marketing (i) contain notices of Company's Website domain name or similar information indicating the availability of Franchised Gym franchises from Company in the manner that Company designates; (ii) identify Company as the owner of the Licensed Marks; and (iii) identify Franchisee as the independent owner of the Franchised Gym operating under a license from Company. All Local Marketing must be clear, factual and not misleading and conform to both the highest standards of ethical advertising and marketing and Company's written guidelines and other marketing policies that Company prescribes from time to time.

(c) Franchisee shall not use, disseminate, broadcast or publish any Local Marketing in any media channel (whether print, broadcast, electronic or digital, including on the Franchised Gym Subpage and on third-party and public social media websites) without first obtaining Company's written approval of the copy, proposed media, method of distribution and marketing plan for the proposed Local Marketing. Content that Franchisee wishes to post or have Company post to the Franchised Gym Subpage must comply with the specific content guidelines in the Brand Standards Manual. As to all other Local Marketing, to apply for Company's approval, Franchisee must submit a true and correct copy, sample or transcript of the proposed Local Marketing, together with a written business plan which explains the proposed media plan, promotional event or other intended use of the proposed Local Marketing. Company shall have 20 days from the date of receipt in which to approve or disapprove of the submitted materials. If written approval is not received by the end of 20 days, Company shall be deemed to have rejected the proposed Local Marketing. If written approval is given on or before the end of 20 days, Franchisee may use the proposed Local Marketing, but only in the exact form submitted to Company.

(d) At Franchisee's expense, Franchisee shall immediately remove from circulation and cease using any previously approved Local Marketing if Company determines, in its sole discretion, that continued circulation or use may, or will, damage the integrity or reputation of the Licensed Marks, it is otherwise necessary to protect the goodwill of the System and Company's and Company's Affiliates' reasonable business interests, or it otherwise violates this Agreement.

(e) Company encourages Franchisee to engage in additional Grand Opening Marketing activities besides paying Company the Grand Opening Launch Fee and Ad Spend Fee. All Grand Opening Marketing materials and activities that Franchisee creates or has created for it by a third party shall be considered Local Marketing for purposes of this Agreement and require Company's prior written approval in accordance with this Agreement.

(f) Franchisee shall not set up its own Internet website to promote the Franchised Gym where Franchisee owns the URL or use the Licensed Marks in any domain name other than the one that Company authorizes. Other than promoting the Franchised Gym on the Franchised Gym Subpage, Franchisee may not promote the Franchised Gym on any third-party website or establish a link to any third-party website without Company's prior written consent, which Franchisee shall apply for in the manner applicable to Local Marketing. Company will provide Franchisee with a specific social media "handle" or user name, which is the only one that Franchisee may use to identify the Franchised Gym on the social media platform.

(g) Franchisee must comply with Company's social media policies in the Brand Standards Manuals when engaging in any social media activities or communications on third-party websites.

11.11 Staffing.

(a) At all times after the Opening Date, the Franchised Gym must be under the direct supervision of at least one General Manager. Franchisee's designated General Manager may, but need not, be a Primary Owner. Franchisee shall notify Company in writing of the name of the General Manager of the Franchised Gym (or names of each General Manager if Franchisee qualifies more than one person as a General Manager of the Franchised Gym) and any changes in the identity of the General Manager during the Term promptly after they occur.

(b) Franchisee's General Manager may serve as the General Manager for up to 5 different Network Gyms at the same time if Franchisee owns a Controlling Interest in each Network Gym. Franchisee's General

Manager may not simultaneously serve as the designated General Manager for Network Gyms owned by different Network Members that are not Affiliates of one another.

(c) The Brand Standards Manual sets forth Company's criteria for earning a General Manager designation. Company may change the General Manager qualification criteria at any time effective upon notice to Franchisee. Company's notice shall specify any additional training or other requirements applicable to new General Managers which an existing General Manager must complete to maintain their designation as a General Manager. Company shall allow each existing General Manager 90 days after the new criteria become effective in which to satisfy the additional training and other requirements without suffering a lapse in their designation as a General Manager.

(d) A General Manager designation does not constitute a warranty, guaranty or endorsement by Company or its Affiliates of the person's skills, performance ability or business acumen. Neither Company nor its Affiliates shall have any responsibility for the operating results of the Franchised Gym or the performance of Franchisee's employees or agents.

(e) At all times after the Opening Date, Franchisee shall employ or retain a sufficient number of competent employees or independent contractors and cause each of them to receive appropriate training to perform their job or work duties in accordance with the standards and specifications of the System.

(f) All of Franchisee's personnel, whether they are employed or engaged as independent contractors, whose duties require them to interact with clients of the Franchised Gym (i) must have sufficient literacy and fluency in the English language, in Company's judgment, to serve the English-speaking public; (ii) while working in the Franchised Gym must present a neat and clean appearance; and (iii) must wear the branded t-shirt that Company designates from Company's then-current collection of Branded Retail Merchandise. Franchisee must purchase sufficient quantities of Company's branded t-shirts from Company or its Affiliate or Company's designated supplier for Franchisee's personnel to wear while at work.

(g) Franchisee is solely responsible for the acts and omissions of its employees, independent contractors and other agents, including its General Manager, arising during the course of their employment or, as to independent contractors and agents, their engagement by Franchisee.

(h) Franchisee is solely responsible for hiring, firing and establishing employment and engagement policies applicable to its personnel and independent contractors, and understands and agrees that this Agreement does not impose any controls, or otherwise impinge, on Franchisee's sole discretion to make decisions pertaining to its personnel, independent contractors and other agents. Franchisee is solely responsible for determining the appropriate classification of its instructors and others whom it hires or retains to work at the Franchised Gym in accordance with Applicable Laws.

(i) Franchisee recognizes that the requirements, restrictions, prohibitions, specifications and procedures of the System which it must comply with as a condition of the franchise license do not directly or indirectly constitute, suggest, infer or imply that Company controls any aspect or element of the day-to-day operations of the Franchised Gym, but are reasonable and necessary to protect Company's Intellectual Property and promote consumer awareness of the Licensed Marks.

11.12 Minimum Performance Requirement. Beginning 30 days after the Opening Date and for the remainder of the Term, Franchisee must publicize the approved group fitness class offerings to the general public and conduct no fewer than the following group fitness classes: (i) 12 per day for each day that the Gym is scheduled to be open for business; and (ii) 288 per Calendar Month prorated for any partial Calendar Month. The Brand Standards Manual specifies which group fitness classes count towards the Minimum Performance Requirement.

11.13 Non-Compliance Fees.

(a) The Brand Standards Manual identifies certain duties where Franchisee's failure to perform the duty may result in Company assessing a Non-Compliance Fee of up to $2,000 per infraction unless Franchisee

cures the deficiency by a specified deadline ("**Citation Deadline**"). Company will give Franchisee written notice of the Non-Compliance Fee that will be assessed if the cited deficiency is not timely cured, specifying in its notice sufficient details about the deficiency, any special conditions for completing the cure, and the Citation Deadline. The length of the cure period and the Citation Deadline set by Company will be commercially reasonable in light of the nature of the underlying deficiency but shall require that Franchisee give its immediate and continued attention to correcting the problem. The goal of Non-Compliance Fees is to provide Franchisee with an incentive to maintain best practices at all times in performing its duties under this Agreement. Examples of duties that may trigger the assessment of a Non-Compliance Fee include the failure to comply with minimum standards for cleanliness, health or safety; infractions of Company's brand standards or customer service standards; failure to present Local Marketing for approval before use; and performance deficiencies identified through an inspection, mystery shopper report, client, or third-party complaint.

(b) Company may debit the Security Deposit (if applicable) or sweep Franchisee's operating account for the amount of the Non-Compliance Fee if Franchisee fails to cure the deficiency by the Citation Deadline.

(c) For the sake of clarity, Company's right to impose a Non-Compliance Fee is not in lieu of Company's right to terminate this Agreement based on the same deficiency if Company gives Franchisee a notice of default and complies with the provisions of this Agreement pertaining to termination. Furthermore, Company's receipt of a Non-Compliance Fee shall not preclude Company from seeking Provisional Remedies.

(d) Company may increase each Non-Compliance Fee once every 12 Calendar Months during the Term by an amount not to exceed 10% per year over the previous rate. Company may also add new Non-Compliance Fees on no less than 30 days' written notice through update to the Brand Standards Manual. However, no new Non-Compliance Fee will start at more than $2,000 per infraction.

11.14 Compliance With Laws. Franchisee shall at all times operate the Franchised Gym in strict compliance with Applicable Laws. At Franchisee's sole expense, Franchisee shall secure and maintain in good standing all necessary licenses, permits, deposits and certificates required to operate the Franchised Gym lawfully and shall provide Company with proof of compliance upon Company's request.

11.15 Network-Wide Credit Cards; Gift Card and Other Marketing Programs. Franchisee shall honor all credit cards designated by Company and enter into and maintain, at Franchisee's sole expense, all necessary credit card agreements with the issuers of designated cards. Franchisee agrees to participate in any future network-wide membership program that Company may introduce allowing reciprocity access at any Franchised Gym in the United States or worldwide and in any system-wide electronic gift card program covering all Network Gyms in the United States. Company will give Franchisee at least 30 days' written notice before the network-wide membership or gift card programs become effective and explain the reciprocity rules in the Brand Standards Manual, including addressing when membership sales and gift card transactions will be recognized in the calculation of Gross Revenue and other exchange conditions. Franchisee shall additionally participate in system-wide marketing programs identified by Company, including loyalty card programs, social networking programs, client and marketing surveys, direct marketing programs and designated e-commerce programs.

11.16 Complaints and Other Actions. Franchisee shall promptly report to Company any incidents involving personal injury or property damage sustained by clients of the Franchised Gym and members of the general public at the Approved Location. Franchisee shall promptly submit to Company copies of all client complaints and notices and communications received from any government agency relating to alleged violations of Applicable Laws, and hereby authorizes the government agency to provide the same information directly to Company upon Company's request. Additionally, Franchisee shall promptly notify Company of any written threat, or the actual commencement, of any action, suit or proceeding against Franchisee, any person who is required by this Agreement to personally guaranty Franchisee's obligations to Company or involving the Approved Location or the business assets which might adversely affect the operation or financial condition of the Franchised Gym, and provide Company with a copy of all relevant documents.

12. COMPANY'S OPERATIONS ASSISTANCE

In addition to obligations stated elsewhere in this Agreement, Company shall provide the following services:

12.1 Ongoing Consultation and Advice.

(a) As and to the extent required in Company's sole discretion, Company shall provide regular consultation and advice to Franchisee in response to Franchisee's inquiries about specific administrative and operating issues that Franchisee brings to Company's attention. Company shall have sole discretion to determine the method for communicating the consultation or advice, which may differ from the methods used for other Network Gyms in the United States. For example and without limitation, consultation and advice may be provided by telephone, in writing (in which case Company may furnish the written information electronically), on-site in person, by disseminating information through the Network Portal, or by other means.

(b) If Franchisee requests additional on-site instruction and assistance after the Opening Date and Company, in its sole discretion, agrees to furnish the additional on-site instruction and assistance, the parties shall mutually schedule the time for the additional instruction and training. In connection with post-Opening Date on-site training delivered at Franchisee's request, Franchisee shall pay Company its then-current per diem per person training fee in the Brand Standards Manual and on the terms of this Agreement pertaining to continuing training.

12.2 Grand Opening Launch Campaign. Company shall design and implement a Grand Opening launch social media campaign to publicize the opening of the Franchised Gym to the public in consideration of Franchisee's payment of the Grand Opening Launch Fee and Ad Spend Fee. Additionally, Company shall advise Franchisee on strategies for developing local consumer awareness of the Licensed Marks.

12.3 Marketing Fund.

(a) Marketing Fees are the property of Company and may be deposited by Company into its general operating account. However, the aggregate of the Marketing Fees paid by all Network Members in our outside of the United States is referred to as the "**Marketing Fund**." Franchisee understands and agrees that the Marketing Fund is not a trust and Company does not owe Franchisee a fiduciary duty based on Company's authority to administer the Marketing Fund or for any other reason.

(b) Company shall use the Marketing Fund to pay expenses associated with the creation, development and publication of marketing and promotional programs designed to enhance consumer awareness and identity of the Licensed Marks and Network Gyms generally for the benefit of all Network Members located anywhere in the world. Company shall not be restricted with respect to what, where and how the Marketing Fund will be applied for the purposes described in this Section and may reimburse itself for reasonable internal expenses that it and its Affiliates incur that are directly associated with maintaining and administering the Marketing Fund, including expenses to collect contributions and general operating expenses (such as for rent and salaries in proportion to time devoted to Marketing Fund matters) and for attorneys' fees and other costs related to claims by, or against, the Marketing Fund.

(c) Company will retain complete sole discretion over the form, content, time, location, market and choice of media and markets for all marketing and promotion paid for from the Marketing Fund proceeds. Without limiting the scope of Company's general authority and sole discretion, Company may use the Marketing Fund to pay for the cost to (i) create, prepare and produce marketing and promotional formats, materials and samples, including marketing copy, promotional graphics, in-Network Gym marketing materials, public relations materials, brochures, and direct mail materials; (ii) administer local, regional and national marketing and public relations programs, including running social media programs, buying media space or time, buying direct mail lists and Internet client leads, engaging in consumer and trade vendor directed marketing, and participating in trade shows; (iii) maintain Company's Website and any individual subpages that Company hosts on Company's Website for each Network Member; (iv) maintain the Network Portal or a comparable internal communications portal to promote communication among Network Members and invited guests regarding consumer, competitor and trade industry marketing activities; (v) employ marketing, public relations and media consultants and buying agencies; (vi) support public relations,

market and consumer research; (vii) pay expenses to conduct meetings of the franchisee-elected Franchise Advisory Council if Company maintains one; (viii) pay costs to develop and design new Branded Retail Merchandise (but not to produce Branded Retail Merchandise); and (ix) pay expenses directly associated with maintaining and administering the Marketing Fund, including salary and overhead for Company's personnel allocated for the specific time that they spend on matters directly pertaining to the Marketing Fund, expenses to prepare annual accountings, expenses to collect Marketing Fees from delinquent franchisees, expenses to defend claims arising out of the activities of the Marketing Fund, and the cost of conducting the annual conference of Network Members if Company elects to run one.

(d) Company makes no representation that any amount of the Marketing Fund will be spent in any given geographic region or area in the world or that money will be spent in Franchisee's market area in proportion to Franchisee's contributions to the Marketing Fund.

(e) Company may (i) collect rebates, credits or other payments from suppliers and vendors based on purchases or sales by Franchisee; and (ii) condition its approval of a supplier or vendor on the supplier's or vendor's willingness to agree to make such payments to Company or Company's Affiliates on account of Franchisee's purchases.

(f) Company shall make marketing and promotional formats and sample materials created by the Marketing Fund available to Franchisee with or without additional reasonable charge, in Company's sole discretion on the same terms that Company offers to other Network Members in the United States. Franchisee shall be solely responsible for all costs to reproduce the formats and materials for its own use and distribution. In connection with reproduction and use of formats and materials created by the Marketing Fund, Franchisee shall observe Company's requirements with respect to protecting Company's rights in the System and Company's Intellectual Property.

(g) By March 31 of each Calendar Year during the Term, Company shall prepare an annual accounting of the Marketing Fund and will furnish a copy of it to Franchisee upon request. The annual accounting will not be independently audited and may be prepared internally by Company.

(h) While Company will attempt to expend Marketing Fund collections on a current basis, it may recover over-expenditures from subsequent Calendar Years and may carry forward under-expenditures to later Calendar Years.

(i) Company may, but is not obligated to, loan money to the Marketing Fund in the event desired expenditures for any period exceed the balance in the Marketing Fund. Any funds loaned to the Marketing Fund will be repayable upon demand when funds are available and bear interest at no more than 2 points over the prime lending rate of Bank of America, its successor, or, if no longer in operation, another national banking institution with headquarters in the United States. As Marketing Fees are deposited into Company's general operating bank account, Company may retain any interest paid by its bank on the Marketing Fund bank balance as Company's separate funds and not credit that interest earned to the Marketing Fund.

(j) Although Company intends to maintain the Marketing Fund for the duration of the Term and any Renewal Term, Company reserves the right to terminate the Marketing Fund at any time. If there is a balance in the Marketing Fund after payment of final expenses when Company terminates the Marketing Fund, Company shall refund a portion of the balance to each Network Member at the time that paid Marketing Fees for the accounting period before Company announced the Marketing Fund's termination in proportion to the amount of the Network Member's contribution. Company shall use commercially reasonable efforts to allocate the balance in the Marketing Fund fairly among the Network Gyms contributing to the Marketing Fund. Thereafter, Company may reinstate the Marketing Fund effective upon no less than 30 days' written notice to Franchisee.

(k) For each Network Gym that Company or Company's Affiliates own in the United States, Company or Company's Affiliates shall contribute to the Marketing Fund on the terms and in an amount equal to the lowest percentage contribution rate that any Network Member in the United States then is required to pay under a Franchise Agreement in effect at that time with Company or Company's Affiliates.

(l) Company may combine some or all of the Marketing Fees that Network Gyms in the United States pay to Company with marketing fees paid to Company's Affiliates by Network Members outside of the United States, and Company or Company's Affiliates may each use the aggregate sums to engage in marketing, advertising and promotional activities for the benefit of Network Gyms worldwide. The fact that Company may transfer some of the Marketing Fees that it collects from Network Gyms in the United States to one of Company's Affiliates shall not relieve Company of its obligations under the Marketing Fund section of this Agreement.

12.4 Company's Website; Franchised Gym Subpage. Company alone shall own and control the design and functionality of Company's Website and all subpages, including the Franchised Gym Subpage. Company shall identify the Franchised Gym in its list of Approved Locations on Company's Website and technically support the Franchised Gym Subpage, for which Franchisee may determine the content consistent with the guidelines in the Brand Standards Manual. Company shall not impose any fee or charge to initially set up the Franchised Gym Subpage, but may thereafter charge Franchisee for all content changes to the Franchised Gym Subpage that Franchisee wishes to make that require input by Company's webmaster with the fees to be based on the then-current hourly rates and actual time spent by Company's webmaster to accomplish Franchisee's requested changes. Franchisee may use the Franchised Gym Subpage (i) to provide current information about the Franchised Gym's operating hours, class descriptions, schedules and other services, prices, instructor profiles, location and travel directions, and special events; (ii) to enable prospective and existing clients to sign up for classes and other authorized services and to purchase Franchised Gym membership, class packages and gift cards redeemable at the Franchised Gym; and (iii) for other purposes authorized in the Franchised Gym Subpage content guidelines. Fees that Franchisee pays Company for content changes to the Franchised Gym Subpage are not credited to the Marketing Fee.

12.5 Inspections.

(a) In addition to Company's audit rights described in this Agreement, Franchisee expressly authorizes Company and its representatives to regularly inspect the Franchised Gym and Franchisee's methods of operation, including by visiting the Franchised Gym without prior notice to Franchisee during its posted business hours, using Franchisee's security cameras to record activity at the Franchised Gym, and through other methods. As part of Company's inspections, Company may conduct discussions with Franchisee's General Manager and other employees, observe client interactions and the delivery of services, and review Franchisee's books and records (including data stored on the Computer System) to verify compliance with this Agreement and the Brand Standards Manual. Franchisee, on behalf of itself and, as applicable, its owners, members of its Executive Management, employees, representatives and agents, hereby waives any claim that any inspections or recordings violate any person's rights of privacy.

(b) Company may implement a mystery shopper program using the services of an outside mystery shopper company to perform regular mystery shopper visits at the Franchised Gym to provide Company and Franchisee with critical feedback and insight into the effectiveness of Franchisee's operations from a client's perspective. If Company engages a third-party supplier to perform mystery shopper services, Franchisee agrees to pay the reasonable fees imposed by the third-party mystery shopper supplier, which will partially depend on the number and frequency of mystery shopper visits that the supplier makes to the Franchised Gym. At Company's election, Company may collect the mystery shopper service's fees or require Franchisee to remit payment directly to the mystery shopper company according to the mystery shopper company's payment terms.

(c) Franchisee shall cooperate fully with Company's inspections and any mystery shopper or comparable programs that Company implements during the Term. At Franchisee's sole expense, Franchisee shall cure all deviations from Company's standards, specifications and operating procedures of which Franchisee is notified either orally or in writing within a commercially reasonable time after the findings are shared with Franchisee. Franchisee, on behalf of itself and, as applicable, its directors, officers, managers, employees, consultants, representatives and agents, hereby waives any claim that any inspections or recordings violate any person's rights of privacy.

12.6 Annual Meeting. In addition to additional training, Company may conduct an annual meeting (the "**Annual Meeting**") to address recently-implemented changes in the System and other topics of common interest to Network Members, including changes in Designated Goods/Services and Non-Designated Goods/Services,

Authorized Services, supplier relationships, industry trends, client service standards, marketing and promotional strategies, and competitive changes. If Company chooses to conduct an Annual Meeting, Company will determine the content, location and length of the Annual Meeting; provided, however, the Annual Meeting shall not exceed 3 days (excluding travel days) in any 12 Calendar Month period, nor shall Company require that anyone besides Franchisee's Primary Owner attend the Annual Meeting. If Franchisee's Primary Owner cannot attend, Franchisee must obtain Company's approval to send a substitute representative who must either be Franchisee's General Manager or an Equity Holder who is active in the day-to-day operations of the Franchised Gym. Company will designate the location for the Annual Meeting, which may be held anywhere in the world where two or more Network Members own and operate Network Gyms. Company may impose a registration fee of up to $500 per person, subject to annual increase by not more than 10% per year. Additionally, Franchisee shall pay the transportation, lodging, personal expenses and salary for each employee who attends an Annual Meeting.

13. INSURANCE

13.1 Minimum Coverage. Before the Opening Date, Franchisee shall procure, at its own expense, and maintain in full force and effect during the Term all of the types of policies of insurance listed in the Commercial Addendum (**Schedule A**) with the minimum coverage amounts and other conditions required by the Brand Standards Manual and this Agreement. The types of insurance policies include comprehensive general liability insurance; workers' compensation and employer's liability insurance at the minimum limits required by Applicable Laws; all "Risks" or "Special" form general casualty insurance coverage; fire legal liability insurance; business interruption insurance; and any insurance coverage required by the Lease. Additionally, any person that Franchisee hires as a general contractor or to perform comparable services at the Approved Location must maintain general liability and builder's risk insurance with comprehensive automobile liability coverage and workers' compensation insurance in the minimum coverage amounts required by the Brand Standards Manual protecting against damage to the premises and structure and other course of construction hazards.

13.2 Additional Insurance Specifications.

(a) Company shall specify the deductible limits for each required insurance policy and may, from time to time, increase the minimum insurance requirements, establish and change deductible limits, require that Franchisee procure and maintain additional forms of insurance, and otherwise modify the insurance requirements contained in this Agreement based upon inflation, general industry standards, Company's experience with claims, or for other commercially reasonable reasons. Franchisee shall comply with any change imposed by Company within 30 days after written notice from Company and shall submit written proof of compliance to Company upon request.

(b) Each insurance policy required by this Agreement shall be written by insurance companies of recognized responsibility meeting the standards stated in the Manual. Before the Opening Date, or the earlier date specified in the Lease, and then not less than annually thereafter on or before January 1 of each Calendar Year after the Opening Date, Franchisee shall submit to Company certificates of insurance showing compliance with Company's insurance requirements. Franchisee shall not begin construction or development of, or install equipment in, the Approved Location pursuant to Franchisee's Construction Drawings until Franchisee submits proof of its general contractor's insurance required by this Agreement. All certificates of insurance shall state that the policy will not be canceled or altered without at least 30 days' prior written notice to Company. Maintenance of required insurance shall not relieve Franchisee of liability under the indemnity provisions in this Agreement.

(c) Company and any Affiliates that Company designates shall each be named as an additional insured on all required insurance. Franchisee shall additionally cause each policy of insurance required by this Agreement to include a waiver of subrogation, which shall provide that Franchisee, on the one hand, and Company, on the other hand, each releases and relieves the other, and each waives its entire right to recover damages, in contract, tort and otherwise, against the other for any loss or damage occurring to Franchisee's property arising out of or resulting from any of the perils required to be insured against under this Agreement. The effect of these releases and waivers shall not be limited by the amount of insurance carried by Franchisee or as otherwise required by this Agreement or by any deductible applicable thereto.

(d) Should Franchisee not procure or maintain the insurance required by this Agreement, Company may, without waiving its right to declare a breach of this Agreement based on the default, procure the required insurance coverage at Franchisee's expense, although Company has no obligation to do so. Franchisee shall pay Company an amount equal to the premiums and related costs for the required insurance in full upon receipt of invoice, plus a 25% service charge and an amount sufficient to reimburse Company for its actual direct costs in obtaining the required insurance.

(e) Franchisee understands and agrees that the minimum insurance requirements in this Agreement do not constitute a representation or warranty by Company that the minimum coverage and specified types of insurance will be sufficient for the Franchised Gym. Franchisee understands and agrees that it is solely responsible for determining if the Franchised Gym requires higher coverage limits or other types of insurance protection.

14. COVENANTS

14.1 Competition.

(a) During the Term and any Renewal Term, it shall be a breach of this Agreement for Franchisee, Franchisee's Affiliates, or any Covered Person, directly or indirectly, to own (either beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, a Competitive Business located anywhere in the world; provided, however, the restrictions stated in this paragraph shall not apply to any Covered Person for a period longer than 2 years from the date that the individual ceases to be a director, shareholder, member, manager, trustee, owner, general partner of Franchisee or Franchisee's Affiliate.

(b) For a period of 2 years after the Effective Date of Termination or Expiration of the last Franchise Agreement between Franchisee and Company (if Franchisee and Company are, or become, parties to more than one Franchise Agreement), or after an Event of Transfer that results in Franchisee selling and assigning all of its contractual rights concerning all Network Gyms for which Franchisee owns a franchise, it shall be a breach of this Agreement for Franchisee, Franchisee's Affiliates or any Covered Person, directly or indirectly, to own (either beneficially or of record), engage in or render services to, either as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any Competitive Business that is located anywhere within 5 miles of the Approved Location or any other Franchised Gym anywhere in the world that is open for business on or after the Effective Date of Termination or Expiration of this Agreement or the effective date of an Event of Transfer.

(c) This Agreement does not prohibit Franchisee, Franchisee's Affiliates or any Covered Person from owning 5% or less of the voting stock of a Competitive Business whose shares are publicly traded on a national or foreign stock exchange.

(d) Franchisee acknowledges that the restrictions in this Section protect Company's legitimate business interests, which include taking reasonable measure to prevent Franchisee, Franchisee's Affiliates and Covered Persons from using Company's Confidential Information while this Franchise Agreement is in full force and effect to engage in activities that directly or indirectly benefit a Competitive Business.

14.2 Interference. Neither Franchisee nor any Covered Person shall, directly or indirectly, for itself or on behalf of any other person divert, or attempt to divert, any business or client of the Franchised Gym to any competitor by direct or indirect inducement or perform any act which directly or indirectly could, or may, injure or prejudice the goodwill and reputation of the Licensed Marks or the System.

14.3 Written Agreement. As a condition of this Agreement, unless they have already done so, Franchisee shall cause each Covered Person to execute Company's form of Confidentiality Agreement and Non-Competition Agreement with Company containing restrictions substantively identical to the provisions of this Agreement.

14.4 Survival. In addition to those provisions in this Agreement that expressly state that they survive termination or expiration of this Agreement or an Event of Transfer, any other covenants in this Agreement which

require performance by either party after the termination or expiration of this Agreement or an Event of Transfer shall survive and be enforceable after the termination or expiration of this Agreement or an Event of Transfer.

14.5 Savings Clause. The parties acknowledge that the covenants in this Section are independent of the other covenants and provisions of this Agreement. If any provision in this Section is void or unenforceable under California law, but would be enforceable as written or as modified under the laws of the state in which the Territory is located (the "Local Laws"), the parties agree that the Local Laws shall govern any dispute concerning or involving the construction, interpretation, validity or enforcement of the provisions of this Agreement with respect to the subjects covered in this Section, but only with respect to those subjects. Franchisee expressly authorizes Company to conform the scope of any void or unenforceable covenant to conform it to the Local Laws. Franchisee expressly agrees, on behalf of itself and each Covered Person, to be bound by any modified covenant conforming to the Local Laws as if originally stated in this Agreement.

14.6 Enforcement. Franchisee understands and agrees that Company will suffer irreparable injury not capable of precise measurement in money damages if Franchisee or any Covered Person breaches the covenants in this Section. Accordingly, in the event a breach occurs, Franchisee, on behalf of itself and each Covered Person, hereby consents to issuance or entry of Provisional Remedies without the requirement that Company post bond or comparable security. Franchisee further agrees that the issuance of Provisional Remedies to Company in the event of such breach is reasonable and necessary for the protection of the business and goodwill of Company.

15. DEFAULT AND TERMINATION

15.1 Termination by Franchisee.

(a) Franchisee may terminate this Agreement by written notice to Company for any reason constituting good cause, provided termination is accomplished in accordance with the requirements of this Agreement. Any attempt by Franchisee to terminate this agreement except on the grounds, or according to the procedures, stated in this Agreement shall be void.

(b) Good cause means that Company has committed a material and substantial breach of this Agreement that it has not cured within the period allowed by this Agreement. Franchisee's written notice must specify with particularity the matters cited to be in default and provide Company with a minimum of 30 days in which to cure the default. Additional time to cure must be provided as is reasonable under the circumstances if a default cannot reasonably be cured within the minimum 30-day period. Franchisee's written notice of termination of this Agreement for good cause shall not excuse Franchisee from continuing to perform its obligations under this Agreement during the cure period or entitle Franchisee to a refund of any money that Franchisee has paid to Company or Company's Affiliates pursuant to this Agreement.

15.2 Termination By Company Without Opportunity to Cure.

(a) Company may terminate this Agreement, in its sole discretion and election, effective immediately upon Company's delivery of written notice of termination to Franchisee based upon the occurrence of any of the following events, which shall be specified in Company's written notice, and Franchisee shall have no opportunity to cure a termination based on any of the following events:

(i) Should Franchisee fail to obtain site approval and sign a Lease and Addendum to Lease for the Approved Location within 180 days after the Effective Date of this Agreement;

(ii) Should Franchisee fail or refuse to pay, on or before the date payment is due, all fees or any other amounts payable to Company or Company's Affiliates, and should the default continue for a period of 10 days after written notice of default is given by Company to Franchisee;

(iii) Should Franchisee fail or refuse to submit any report or financial statement on or before the date due, and should the default continue for a period of 10 days after written notice of default is given by Company;

(iv) Should Franchisee fail to comply with the Minimum Performance Requirements for (i) 5 or more days during any Calendar Month when the Franchised Gym is scheduled to be open for business; (ii) any 2 consecutive Calendar Months; or (iii) any 3 Calendar Months during any consecutive 6 Calendar Month period;

(v) Should any Equity Holder fail or refuse to execute and deliver Company's form of Consolidated Agreement or deliver the financial statements required by this Agreement for a period of 10 days after written notice of default is given by Company to Franchisee;

(vi) Should Franchisee lose the right to occupy the Approved Location due to Franchisee's breach of the Lease based on a default which either cannot be cured or which Franchisee fails to cure within the allowed time period;

(vii) Should Franchisee commit an event of default under any other agreement by and between Franchisee and Company pertaining to the Franchised Gym and franchise granted by this Agreement which, by its terms, cannot be cured or which Franchisee fails to cure within the allowed time period;

(viii) Should Franchisee make any general arrangement or assignment for the benefit of creditors or become a debtor as that term is defined in 11 U.S.C. § 1101 or any successor statute, unless, in the case where a petition is filed against Franchisee, Franchisee obtains an order dismissing the proceeding within 60 days after the petition is filed; or should a trustee or receiver be appointed to take possession of all, or substantially all, of the assets of the Franchised Gym, unless possession of the assets is restored to Franchisee within 60 days following the appointment; or should all, or substantially all, of the assets of the Franchised Gym or the franchise rights be subject to an order of attachment, execution or other judicial seizure, unless the order or seizure is discharged within 60 days following issuance;

(ix) Should Franchisee, or any duly authorized representative of Franchisee, make a material misrepresentation or omission in obtaining the franchise rights granted hereunder, or should Franchisee, or any member of Franchisee's Executive Management or owner of Franchisee, be convicted of or plead no contest to a felony charge or engage in any conduct or practice that, in the exercise of Company's reasonable business judgment, reflects unfavorably upon or is detrimental or harmful to the good name, goodwill or reputation of Company or to the business, reputation or goodwill of the System;

(x) Should Franchisee fail to comply with the conditions of an Event of Transfer;

(xi) Should an order be made or resolution passed for the winding-up or the liquidation of Franchisee or should Franchisee adopt or take any action for its dissolution or liquidation;

(xii) Should Franchisee have received from Company, during any consecutive 24-Calendar Month period, 3 or more notices of default (whether or not the notices relate to the same or to different defaults and whether or not each default is timely cured by Franchisee);

(xiii) Should Franchisee make any unauthorized use, publication, duplication or disclosure of any Confidential Information or any portion of the Brand Standards Manual, or should any person required by this Agreement to execute a Confidentiality Agreement and Non-Competition Agreement with Company or Franchisee breach the Confidentiality Agreement and Non-Competition Agreement during the time period that the person is employed or engaged by Franchisee;

(xiv) Should Company conclude that Franchisee has Abandoned the Franchised Gym;

(xv) Should Franchisee materially misuse or make an unauthorized use of any of the components of the System or commit any other act which does, or can reasonably be expected to, in the exercise of Company's reasonable business judgment, impair the goodwill or reputation associated with any aspect of the System;

(xvi) Should Franchisee intentionally underreport Gross Revenue under the criteria established in this Agreement;

(xvii) Should Franchisee fail to comply with any Applicable Laws within 10 days after being notified of non-compliance, unless the violation involves public health and safety, in which case the length of the cure period shall be reasonable under the circumstances, but need not exceed 10 days; or

(xviii) Should Company make a reasonable determination in the exercise of Company's reasonable business judgment that Franchisee's continued operation of the Franchised Gym will result in imminent danger to public health and safety.

15.3 Termination by Company With Right to Cure.

(a) Should Franchisee breach, or refuse to fulfill or perform, any obligation arising under this Agreement not expressly identified as a ground permitting termination to take effect immediately upon written notice, or should Franchisee fail or refuse to adhere to any mandatory operating procedure, specification or standard prescribed by Company in the Brand Standards Manual incorporated into this Agreement by reference, Company may terminate this Agreement, in its sole discretion and election, effective at the close of business 30 days after giving written notice of default to Franchisee, which specifies the grounds of default, if Franchisee fails to cure the default cited in the notice by the end of the 30-day cure period. Company may indicate its decision to terminate by written notice given to Franchisee any time before, or after, the end of the 30-day cure period, including in the original notice of default.

(b) If a default cannot reasonably be cured within 30 days, Franchisee may apply to Company for additional time to complete the cure. The length of the additional cure period, if any, allowed by Company shall be stated in writing signed by Company. The additional cure period, if any, shall, in Company's estimation, be sufficient in duration to enable a reasonable person acting diligently to complete the cure within the extended period. If Company grants an extension and if Franchisee does not complete the required cure within the extended cure period, termination of this Agreement shall be effective at the close of business on the last day of the extended cure period without further notice from Company.

(c) If Applicable Laws require a longer notice or cure period than specified in this Agreement, this Agreement is deemed automatically amended to conform to the requirements of Applicable Laws.

15.4 Effect of Termination or Expiration.

(a) If Company terminates this Agreement based on Franchisee's failure to obtain site approval and sign a Lease and Addendum to Lease within 180 days after the Effective Date of this Agreement, Company will refund all but $5,000 of the Initial Franchise Fee to Franchisee if Franchisee executes Company's form of general release. Otherwise, Franchisee is not entitled to a refund of any portion of the Initial Franchise Fee or any other fees or payments to Company or Company's Affiliate if this Agreement expires or terminates by either party.

(b) In any proceeding in which the validity of termination of this Agreement is at issue, Company will not be limited to the reasons in the notice of default or termination given to Franchisee.

(c) The termination or expiration of this Agreement shall result in the concurrent, and automatic, termination of any other agreements between Franchisee and Company or Company's Affiliates specifically pertaining to the license to operate the Franchised Gym. However, any other franchise agreements that are then in effect between the parties concerning other Network Gyms owned by Franchisee shall remain in full force and effect unless the grounds for termination of this Agreement are also grounds for termination of the other franchise agreements and Company follows the procedure for termination of the other franchise agreements.

16. RIGHTS AND DUTIES OF PARTIES UPON EXPIRATION OR TERMINATION

16.1 Franchisee's Obligations. On and after the Effective Date of Termination or Expiration of this Agreement, Franchisee must comply with the following duties:

(a) Franchisee shall immediately pay all Royalty Fees, Marketing Fees and other amounts owed to Company or Company's Affiliate, including amounts for purchasing Designated Goods/Services and late charges and interest on any late payments. Royalty Fees and Marketing Fees shall continue to be due and payable (and late charges thereon assessed) after the Effective Date of Termination or Expiration of this Agreement until the date that Franchisee completes all post-termination obligations required by this Agreement.

(b) Franchisee shall prepare and submit final reports and financial statements for Franchisee through the Effective Date of Termination or Expiration of this Agreement within 10 days after the Effective Date of Termination or Expiration of this Agreement.

(c) When termination is based upon Franchisee's default, Franchisee shall also pay to Company all damages, costs and expenses, and reimburse Company for its reasonable fees to retain attorneys, accountants or other experts which it incurs to enforce its rights under this Agreement in the event of a default and/or termination whether or not mediation or judicial action is commenced. Franchisee's payments shall be accompanied by all reports required by Company regarding business transactions and the results of operations through the Effective Date of Termination or Expiration of this Agreement or until the date that Franchisee completes all post-termination or expiration obligations required by this Agreement, whichever occurs later.

(d) Company may apply the balance of the Security Deposit (if applicable) on hand to pay any outstanding amount due to Company in accordance with this Section and will refund the balance of the Security Deposit (if applicable), if any, to Franchisee within 30 days after Franchisee executes and delivers the general release required by this Section.

(e) Franchisee shall permanently cease using, in any manner whatsoever, all rights and property incorporated within or associated with the System in a manner that suggests or indicates that Franchisee is, or was, an authorized THE YARD GYM franchisee or continues to remain associated with the System. Franchisee shall cancel all Local Marketing and other promotional activities that associate Franchisee with the System. Franchisee shall cancel the registration of its Assumed Name or any comparable registrations involving the Licensed Marks. Continued use by Franchisee of rights or other property incorporated within or associated with the System shall constitute willful trademark infringement and unfair competition by Franchisee.

(f) Company shall notify Franchisee within 5 days after the Effective Date of Termination or Expiration of this Agreement if Company will either (i) demand an assignment of the telephone numbers and business directory listings for the Franchised Gym; or (ii) require Franchisee to disconnect the telephone number and take all steps necessary to remove all telephone and other business directory listings that display any of the Licensed Marks. If Company gives timely notice that it will require an assignment, Franchisee hereby grants Company a power of attorney to complete the necessary documentation on Franchisee's behalf that the telephone company or listing services require to accomplish an assignment of the phone number and business listings. If Company gives timely notice that it will require Franchisee to disconnect the phone number and remove all telephone and business directory listings, Franchisee shall furnish Company with evidence satisfactory to Company demonstrating Franchisee's compliance with this obligation within 10 days after the Effective Date of Termination or Expiration of this Agreement. Franchisee shall not be entitled to any compensation for taking the actions required by this Section.

(g) Franchisee shall immediately cease using and, within 48 hours after the Effective Date of Termination or Expiration of this Agreement, return to Company all physical copies of any portion of the Brand Standards Manual in Franchisee's possession or provide evidence satisfactory to Company that all information in Franchisee's possession pertaining to Confidential Information has been permanently removed from Franchisee's computers.

(h) Franchisee shall immediately cease using and, within 2 days after the Effective Date of Termination or Expiration of this Agreement, return to Company all physical copy of any portion of the Brand Standards Manual in Franchisee's possession or provide evidence satisfactory to Company that all information in Franchisee's possession pertaining to Confidential Information has been permanently removed from Franchisee's computers and permanently erased or destroyed.

(i) Company shall terminate Franchisee's access to the Network Portal and cancel all outstanding password credentials issued to Franchisee's Equity Holders or other representatives on Franchisee's behalf. Continued use by Franchisee of any Confidential Information after the Effective Date of Termination or Expiration of this Agreement will constitute a breach of this Agreement and copyright or other intellectual property infringement. Franchisee may not retain any copy or record of any Confidential Information other than records of the financial results of the Franchised Gym during the Term.

(j) If on the Effective Date of Termination or Expiration of this Agreement the Computer System includes proprietary software, Franchisee agrees to immediately discontinue using the proprietary software and permanently remove the proprietary software from Franchisee's computers. Company will provide Franchisee with a copy of Franchisee's financial data stored on the Computer System relevant to the results of Franchisee's operations through the Effective Date of Termination or Expiration of this Agreement if Franchisee requests a copy of this information in writing within 10 days following the Effective Date of Termination or Expiration of this Agreement.

(k) Company shall give Franchisee written notice of its election to accept an assignment of the Lease within 10 days after the Effective Date of Termination or Expiration of this Agreement. Company's failure to timely notify Franchisee shall signify its decision not to accept an assignment of the Lease. If Company gives notice that it will accept an assignment of the Lease, Franchisee shall vacate the Approved Location as required by the Addendum to Lease and leave the premises and all fixtures and equipment that are not capable of being removed without damage to the Approved Location, or which the Lease forbids to be removed, in good working order, condition and repair.

(l) If Company does not accept an assignment of the Lease, Franchisee shall have 10 days to remove all signs and other physical and structural features that readily identify the site as a Franchised Gym at Franchisee's sole cost and expense. The 10-day period to remove these materials shall start on the day after Franchisee receives, or is deemed to receive, Company's decision not to accept an assignment of the Lease, whichever occurs first. Franchisee's removal of signs and other physical and structural features must be completed thoroughly so that the former Approved Location no longer suggests or indicates a connection with the System.

(m) Company's right to accept an assignment of the Lease is independent of Company's right to acquire the non-fixture physical assets in the Approved Location on the terms of this Agreement.

(n) Company may enter the Approved Location during the first 10 days after the Effective Date of Termination or Expiration of this Agreement as frequently as necessary during the former Franchised Gym's normal business hours without prior notice, or at such other times as the parties mutually agree, to inspect the Designated Goods/Services and condition of the Approved Location in deciding whether to exercise the option to accept an assignment of the Lease or acquire the physical assets of the Franchised Gym, or both options, and to verify Franchisee's compliance with the de-identification duties and enforce its rights under this Section. Franchisee shall cooperate by providing Company with access to the Approved Location and copies of books and records and documentation verifying the purchase price and showing liens, repair and maintenance records, and other information bearing on the then-current condition of the physical assets and Approved Location.

(o) Franchisee shall execute and deliver a general release, in form satisfactory to Company, of any and all claims against Company, Company's Affiliates and their respective officers, directors, shareholders, employees and agents.

(p) Franchisee shall keep and maintain all business records pertaining to the business conducted at the Franchised Gym for 5 years after the Effective Date of Termination or Expiration of this Agreement.

During this period, Franchisee shall permit Company and its representatives to inspect such business records as frequently as Company deems necessary.

16.2 Personal Guaranty. Upon the Effective Date of Termination or Expiration of this Agreement, Company may enforce the Personal Guaranty executed by each Equity Holder to secure payment and performance of Franchisee's obligations under this Agreement, including those in this Section that arise upon the termination or expiration of this Agreement and those that survive the termination or expiration of this Agreement.

16.3 Company's Right to Purchase Physical Assets of the Franchised Gym.

(a) Company shall have the right, but not the obligation, to purchase all, or any, of Franchisee's non-fixture physical assets relating to the Franchised Gym that are not treated by the Lease as fixtures of the Approved Location and part of the realty, in their "AS IS" condition at the time of expiration or termination of this Agreement, at Franchisee's original cost less any depreciation, based upon Franchisee's depreciation schedule, less the remaining balance, if any, of any financing that Franchisee owes to third parties for which the physical asset is pledged as security. Company shall pay the reasonable shipping, delivery and insurance costs to transport the physical assets that it elects to buy to the destination that it indicates when Company does not exercise the option to accept an assignment of the Lease.

(b) Company may exercise this option by giving Franchisee written notice within 10 days after the Effective Date of Termination or Expiration of this Agreement, specifying in the notice the specific physical assets that it desires to purchase. Within 10 days following receipt of Company's written notice, Franchisee shall furnish Company with documentation substantiating the original cost of each item identified by Company and depreciation taken as reported by Franchisee in its federal and state income tax returns. Within 10 days following receipt of Franchisee's documentation, Company shall notify Franchisee of the particular assets it will purchase and calculate the purchase price for the items in accordance with this Section, and within 10 days after giving the notice, Company will pay Franchisee the purchase price, less permitted set-offs.

(c) Franchisee shall deliver possession of the physical assets to Company upon Company's payment of the net purchase price free and clear of all liens and encumbrances not approved by Company in writing. If equipment is subject to an equipment lease and Company elects to accept an assignment, Franchisee shall cooperate with Company in arranging for an assignment of the equipment lease to Company, which shall assume the obligations under the equipment lease arising on or after the effective date of assignment. Company's failure to serve written notice of its election within 10 days after the Effective Date of Termination or Expiration of this Agreement shall signify its decision not to purchase any remaining non-fixture physical assets of Franchisee.

(d) With respect to the non-fixture physical assets that Company purchases, Company shall have the absolute right to set off from the purchase price all sums then owed by Franchisee to Company or Company's Affiliates, including damages, costs and expenses and reasonable attorneys' fees in enforcing the default and termination. For the sake of clarity, Company may reduce the purchase price by the amount of any Liquidated Damages that may be payable by Franchisee to Company pursuant to this Agreement. The right to set off shall not limit Company's remedies under this Agreement or Applicable Laws.

16.4 Survival of Obligations. All obligations of the parties that expressly, or by their nature, survive the Effective Date of Termination or Expiration of this Agreement shall continue in full force and effect subsequent to the Effective Date of Termination or Expiration of this Agreement until they are satisfied in full. Franchisee shall remain fully liable for any and all obligations of the Franchised Gym, whether incurred before, or after, the Effective Date of Termination or Expiration of this Agreement, including obligations arising under this Agreement, the Lease, and all obligations owed to Company's Affiliates and other third parties, including payments to designated or approved suppliers, independent contractors and salaries to employees and taxes.

16.5 Third-Party Rights; Available Remedies.

(a) No person acting for the benefit of Franchisee's creditors or any receiver, trustee in bankruptcy, sheriff or any other officer of a court or other person in possession of Franchisee's assets or business shall have the right to assume Franchisee's obligations under this Agreement without Company's prior consent.

(b) Company's right to terminate this Agreement shall not be its exclusive remedy in the event of Franchisee's default, and Company shall be entitled, in its sole discretion and election, alternatively or cumulatively, to affirm this Agreement in the event of Franchisee's default and obtain damages arising from the default, Provisional Remedies to compel Franchisee to perform its obligations under this Agreement or to prevent Franchisee from breaching this Agreement, and any other remedy available under Applicable Laws.

17. EVENT OF TRANSFER

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

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

17.3 Assignment by Franchisee: In General. Franchisee understands and agrees that the franchise rights granted by this Agreement are personal and are issued in reliance upon, among other considerations, the individual or collective character, skill, aptitude, attitude, experience, business ability and financial condition and capacity of Franchisee and its officers, directors, general partners, LLC managers, and Equity Holders.

(a) Without Company's prior written consent, Franchisee shall not, directly or indirectly, attempt or complete an Event of Transfer either voluntarily or by operation of law except in accordance with this Agreement. Company agrees not to withhold its consent unreasonably if Franchisee satisfies the conditions applicable to an Event of Transfer or a Qualified Transfer. Company shall exercise reasonable business judgment in evaluating if Franchisee has satisfied all applicable conditions. Any attempted or purported transfer which fails to comply with the requirements of this Agreement shall be null and void and constitute a default of this Agreement.

(b) Company's consent to an Event of Transfer is not a representation of the fairness of the terms of any contract between Franchisee and a transferee, a guarantee of the Franchised Gym's or transferee's prospects for success, or a waiver of any claims that Company or Company's Affiliates may have against Franchisee or any Equity Holder as a personal guarantor.

17.4 Company's Right of First Refusal.

(a) Except with respect to Qualified Transfers, if Franchisee, or the person to whom an offer is directed (the "Individual Transferor"), receives a bona fide written offer ("Third-Party Offer") to purchase or otherwise acquire an interest that will result in an Event of Transfer, Franchisee or the Individual Transferor, shall, within 5 days after receiving the Third-Party Offer and before accepting it, apply to Company in writing for Company's consent to the proposed transfer. Additionally, the following conditions shall apply:

(i) Franchisee, or the Individual Transferor, shall attach to its application for consent to complete the proposed Event of Transfer a complete copy of the Third-Party Offer together with (i) information relating to the transferee's experience and qualifications; (ii) a copy of the transferee's current financial statement;

and (iii) any other information material to the Third-Party Offer, transferee, proposed Event of Transfer or that Company reasonably requests.

(ii) Company or its nominee shall have the right, exercisable by written notice ("Notice of Exercise") given to Franchisee or the Individual Transferor, within 30 days following receipt of the Third-Party Offer, all supporting information, and the application for consent, to notify Franchisee or the Individual Transferor that it will purchase or acquire the rights, assets, equity or interests proposed to be assigned on the same terms and conditions in the Third-Party Offer, except that Company may (i) substitute cash for any form of payment proposed in the offer discounted to present value based upon the rate of interest stated in the Third-Party Offer, and (ii) deduct from the purchase price the amount of any commission or fee otherwise payable to any broker or agent in connection with the Third-Party Offer and all amounts then due and owing from Franchisee to Company or Company's Affiliates. If Company gives timely Notice of Exercise, the assets that Company purchases shall be free and clear of liens. If any asset is pledged as security for financing that is then unpaid, Company may further deduct from the purchase price the remaining amount payable under the terms of financing.

(iii) The closing shall take place at Company's headquarters at a mutually agreed-upon date and time, but not later than 90 days following Company's receipt of the Third-Party Offer, all supporting information, and the application for consent to transfer.

(iv) At the closing, Franchisee or the Individual Transferor shall deliver to Company the same documents, affidavits, warranties, indemnities and instruments as would have been delivered by Franchisee or the Individual Transferor to the transferee pursuant to the Third-Party Offer. Additionally, Franchisee and the Individual Transferor shall deliver a general release, in form satisfactory to Company, of any and all claims against Company, Company's Affiliates and their respective officers, directors, shareholders, employees and agents.

(v) All costs, fees, document taxes and other expenses incurred in connection with the transfer shall be allocated between Franchisee and Company in accordance with the terms of the Third-Party Offer, and any costs not allocated shall be paid by Franchisee or the Individual Transferor.

17.5 Conditions of Assignment to Third Party.

(a) If Company does not exercise its right of first refusal, Franchisee may not complete the Event of Transfer without Company's prior written consent. An Event of Transfer or attempt to complete an Event of Transfer that takes place in violation of this provision is a breach of this Agreement. The requirements of this Section do not apply to a Qualified Transfer. As a condition to Company's consent to an Event of Transfer, the following conditions must be satisfied:

(i) The proposed transferee must submit a completed franchise application to Company and meet Company's then-current qualifications for new THE YARD GYM franchisees, including qualifications pertaining to financial condition, credit rating, experience, moral character and reputation. Company's evaluation of the proposed transferee's financial condition shall take into account the amount the proposed transferee is obligated to pay to Franchisee to consummate the Event of Transfer.

(ii) As of the date consent is requested and through the date of closing of the proposed transfer and assignment, Franchisee must not be in default under this Agreement, the Lease, or any other agreements with Company, and must be current with all monetary obligations owed to third parties, including Company's Affiliates.

(iii) If Company is offering new franchises for THE YARD GYM franchises in the United States at the time when Franchisee requests consent to a proposed Event of Transfer, Company will deliver its then-current Franchise Disclosure Document if required by Applicable Laws which will include Company's then-current Franchise Agreement, which the proposed transferee must execute in accordance with Applicable Laws to consummate the Event of Transfer. The Term of the then-current Franchise Agreement shall be equal to the remainder of the then-current Term of this Agreement and the proposed transferee shall not be required to pay the initial franchise fee specified in the then-current Franchise Agreement, but Franchisee or the proposed transferee shall pay the transfer

fee specified in this Agreement. If the then-current Franchise Agreement provides Renewal Options that are different from the Renewal Options in this Agreement, the Renewal Options in this Agreement shall control and, upon Company's request, the proposed transferee must agree to amend the then-current Franchise Agreement to incorporate the Renewal Options in this Agreement.

(iv) If Company is not offering new franchises for THE YARD GYM franchises in the United States at the time when Franchisee requests consent to a proposed Event of Transfer, Company will allow the proposed transferee to assume Franchisee's rights under this Agreement effective on the closing date of the Event of Transfer by executing Company's form of assignment and assumption agreement. In that case (i) the proposed buyer is not required to pay any initial franchise fee; and (ii) following the closing the proposed buyer will have the franchise rights under this Agreement for the remainder of the Term, including the right to exercise the remaining Renewal Options, if any, on the terms of this Agreement if the time for exercising the Renewal Option has not yet expired.

(v) Franchisee shall pay Company a transfer fee equal to the sum of $10,000 regardless of whether Franchisee seeks reimbursement of this amount from the proposed transferee. The transfer fee is due and payable in full when Franchisee requests written consent to the proposed Event of Transfer. Once Franchisee pays the transfer fee, it is fully earned and non-refundable except if (i) Company determines that the proposed transferee does not meet Company's then-current qualifications for new THE YARD GYM franchisees and refuses to consent to the proposed Event of Transfer, in which case Company may retain up to $2,500 of the transfer fee (or of each transfer fee paid, if more than one franchise would be transferred as part of the same transaction); or (ii) Company elects to exercise its right of first refusal, in which case Company may retain up to $2,500 of the transfer fee. If Franchisee owns and transfers more than one franchise simultaneously to the same proposed transferee as part of the same transaction, Franchisee shall pay a maximum transfer fee calculated as the sum of $10,000 for the first franchise; $5,000 per franchise for franchises 2 through 5; and $2,500 per franchise for each additional franchise over 5 that is part of the same transaction.

(vi) Franchisee must simultaneously transfer its rights under the Lease and all other contracts whose continuation is necessary for operation of the Franchised Gym to the same proposed transferee and satisfy any separate conditions to obtain any third-party consents required to accomplish the transfers, including the consent of the landlord of the Approved Location.

(vii) Franchisee must execute and deliver a general release, in form satisfactory to Company, of any and all claims against Company, Company's Affiliates and their respective officers, directors, shareholders, employees and agents.

(viii) The proposed transferee must execute all other documents and agreements required by Company to consummate the transfer of this Agreement. Each Equity Holder of the proposed transferee must execute Company's then-current form of Personal Guaranty unless the then-current Franchise Agreement sets a lower percentage ownership threshold, in which case the percentage in the then-current Franchise Agreement shall control.

(ix) Franchisee's right to receive the sales proceeds from the proposed transferee shall be subordinate to the proposed transferee's and Franchisee's duties owed to Company and Company's Affiliates under, or pursuant to, this Agreement or any other agreement as of the effective date of the Event of Transfer. All contracts by and between Franchisee and the proposed transferee shall expressly include a subordination provision permitting payment of the sales proceeds to Franchisee only after any outstanding obligations that the proposed transferee owes to Company and Company's Affiliates are fully satisfied.

(x) Franchisee must arrange with Company to enroll the proposed transferee's Primary Owner and designated General Manager (if not the same person) in the next available Business Operations Training and Coach Training modules so that the proposed transferee can qualify at least one person as a General Manager (under circumstances where a previously qualified General Manager employed by Franchisee will not continue to work with the proposed transferee after the closing date). Delivery of training to the proposed transferee's Primary Owner and designated General Manager (if not the same person) shall be by mutual arrangement with the

proposed transferee. Company shall not charge the proposed transferee a separate training fee to deliver this training above the payment of the transfer fee; however, the proposed transferee is responsible for the travel, personal expenses and salary of the proposed transferee's Primary Owner and designated General Manager (if not the same person) to complete training to the same extent that Franchisee is responsible for these expenses of its own Primary Owner and General Manager as provided in this Agreement. Until the proposed transferee satisfies minimum training requirements and qualifies at least one person as a General Manager, Franchisee shall remain responsible for operation and management of the Franchised Gym. The proposed transferee shall be solely responsible for all personal expenses that it and its personnel incur in connection with such training, including transportation, lodging, food, salary and other personal charges.

(xi) Company may condition consent on Franchisee completing before the closing date specific improvements and repairs to the Approved Location to conform the Approved Location to Company's then-current appearance and design standards and equipment specifications.

(xii) Neither Company's exercise of its right of first refusal, its consent to an Event of Transfer, nor Franchisee's consummation of a transfer shall operate to release Franchisee of those obligations that expressly, or by their nature, survive the Effective Date of Termination or Expiration of this Agreement, including the provisions regarding non-disclosure of Confidential Information.

(b) Franchisee may only complete the Event of Transfer to the proposed transferee on the terms identified in the Third-Party Offer or as otherwise stated in Franchisee's application for consent. If there is any material change in the terms of the Third-Party Offer, Company has a right of first refusal to accept the new terms subject to the conditions stated in this Section.

(c) If Company consents to the transfer to a third party, the transfer must close within 60 days from the date the Third-Party Offer is first submitted to Company unless Franchisee requests in writing, and Company agrees to grant, an extension of time to close the transfer, which consent Company agrees not to unreasonably withhold. If Company refuses to grant the extension of time, Franchisee must again offer Company the opportunity to exercise its right of first refusal subject to the conditions stated in this Section.

17.6 Public or Private Offering by Franchisee.

(a) Any public or private offering of any interest in the equity of Franchisee by Franchisee or any Equity Holder that requires registration or the preparation of a private placement memorandum under Applicable Laws, whether or not the public or private offering involves sufficient equity to result in a change of Control, shall be treated as an Event of Transfer and the following additional terms and conditions shall apply: (i) Franchisee must request Company's consent to the Event of Transfer in writing no less than 45 days before the proposed issuance or effective date of the public or private offering; (ii) instead of the Transfer Fee applicable to other Events of Transfer, Franchisee shall pay a non-refundable Transfer Fee of $20,000 when Franchisee requests consent to the proposed Event of Transfer, which shall be fully earned when paid regardless of whether the Event of Transfer transaction closes; (iii) before submitting any documents with any public agency, Franchisee shall submit them to Company for its review first together with Franchisee's request for consent to the proposed Event of Transfer; (iv) in addition to the Transfer Fee of $20,000, Franchisee shall reimburse Company for Company's reasonable expenses to review the documents proposed to be filed or private memorandum, including Company's reasonable attorneys' fees and travel expenses directly related to the public or private offering; and (v) Company may grant or withhold in its consent to the proposed Event of Transfer involving a public or private offering in its sole discretion for any reason or no reason without having to provide an explanation for its decision.

(b) Franchisee is solely responsible for ensuring that an Event of Transfer involving a public or private offering complies with Applicable Laws. Company's review of any documents prepared by or for Franchisee regarding the proposed Event of Transfer shall be limited solely to whether the documents fairly describe the relationship between Franchisee and Company. If Company issues its written consent, Company's consent shall not suggest or imply that Company finds or believes that the proposed Event of Transfer complies with Applicable Laws or is fair, just or equitable. Franchisee may not suggest or imply that Company is participating in an underwriting, issuance or offering of the equity interests that are the subject of the public or private offering or endorses

the public or private offering in any way. In any publicly filed documents and private memorandum and in all other dealings and solicitations pertaining to the public or private offering, Franchisee may only make reference to and use of Company's Intellectual Property Rights in the exact manner to which Company consents in writing. Company shall have no liability for Franchisee's acts or omissions in connection with a public or private offering.

17.7 Qualified Transfers. Before completing a Qualified Transfer, Franchisee must do all of the following: (i) provide Company with written notice of its intent to complete a Qualified Transfer; (ii) when the Qualified Transfer is to a newly-formed Business Entity, deliver the documents which this Agreement requires be delivered by a Business Entity that is the Franchisee; (iii) pay a transfer fee of $2,500 per Qualified Transfer; and (iv) execute and deliver a general release, in form satisfactory to Company, of any and all claims against Company, Company's Affiliates and their respective officers, directors, shareholders, employees and agents. The Qualified Transfer shall not be effective unless and until Franchisee satisfies conditions (i)-(iv). Company shall not have a right of first refusal with respect to a Qualified Transfer, nor shall Company's prior written consent to a Qualified Transfer be necessary if Franchisee satisfies the conditions stated in this Section.

17.8 Death or Incapacity.

(a) Subject to the provisions of this Section, if an Event of Transfer occurs due to the death or Incapacity of an Equity Holder owning enough equity or voting interests of the Business Entity to result in a change of Control, the spouse, heirs, executor or personal representative of the deceased or incapacitated person, or the Franchisee's remaining shareholders, members, partners or owners, as appropriate to the circumstance (collectively referred to as the "**Successor**") shall have 180 days from the date of death to (i) qualify themselves; or (ii) complete the sale or assignment of the interest to a qualified, approved third party. In either (i) or (ii), the Successor must satisfy all of the conditions and obtain Company's consent to complete the Event of Transfer. At the end of the 180-day period, if the Successor has not obtained Company's consent to complete the Event of Transfer, Company may, at its election, terminate this Agreement.

(b) Immediately following the date of death or Incapacity, if the Successor is unable to demonstrate to Company's reasonable satisfaction that the Successor has the financial ability and business skills to operate the Franchised Gym in accordance with the requirements of this Agreement during the interim period until the Successor is able to obtain Company's consent to complete the Event of Transfer, Company shall have the absolute right to occupy the Approved Location and assume day-to-day management of the Franchised Gym for the account of Franchisee. In addition to receiving the fees and other payments due to Company under this Agreement, Franchisee agrees that in exchange for Company's management services, Company shall be entitled to receive a management fee equal to 5% of the Gross Revenue per Calendar Month and be reimbursed for its direct costs and expenses in rendering management services, including overhead (including rent) and the portion of the salary of those employees of Company according to the portion of their time that they spend on the management of the Franchised Gym. This Agreement shall otherwise continue in full force and effect during the period of Company's day-to-day management and not relieve Franchisee from paying any of the fees otherwise due to Company, including Royalty Fees and Marketing Fees during the period of Company's management. The Successor's failure or refusal to turn management of the Franchised Gym over to Company if required by this Section shall constitute a breach of this Agreement.

(c) The parties recognize that Company's right to manage the Franchised Gym is primarily intended to facilitate an orderly transition of ownership with minimal disruption to the Franchised Gym's continuous operation. Company shall manage the Franchised Gym only until the Successor obtains Company's consent to the Event of Transfer, but in no event shall Company be required to manage the Franchised Gym for longer than 90 days. By mutual agreement of Company and the Successor, the period of Company's management may be extended for longer than 90 days, but in no event shall it extend beyond one year from the date of death or Incapacity. If the Successor cannot obtain Company's consent to a proposed transferee by the end of one year, Company may terminate this Agreement.

(d) During any time that Company manages the Franchised Gym, Company shall periodically discuss the Franchised Gym's operations and financial results with the Successor and provide suitable current information about the Franchised Gym's performance as the Successor may reasonably require.

18. RELATIONSHIP OF PARTIES; INDEMNIFICATION; SECURITY INTEREST

18.1 Independent Contractor. This Agreement does not create a fiduciary relationship between the parties, nor does it make either party a general or special agent, joint venturer, partner or employee of the other for any purpose. With respect to all matters, the Franchisee relationship to Company is as an independent contractor. Franchisee understands and agrees that it is the independent owner of the Franchised Gym and in sole control of all aspects of its operation, and shall conduct its business using its own judgment and sole discretion, subject only to the provisions of this Agreement. Franchisee shall conspicuously identify itself in all advertising and all dealings with clients, suppliers and other third parties as the owner of the Franchised Gym operating under a license from Company.

18.2 Indemnification by Franchisee.

(a) Franchisee shall indemnify and hold Company, Company's Affiliates and their respective officers, directors, shareholders, employees, agents, successors and assigns, harmless from and against any and all costs, expenses, losses, fines, penalties, liabilities, damages, causes of action, claims and demands whatsoever, arising from or relating to the Franchised Gym or Franchisee's occupancy of the Approved Location, whether or not arising from bodily injury, personal injury or property damage, infringement (other than Third-Party Claims within the scope of Company's agreement to indemnify Franchisee expressed in this Agreement), or any other violation of the rights of others, or in any other way, subject to the provisions of this Agreement.

(b) Franchisee's indemnification obligations shall extend, without limitation, to (i) all claims for actual, consequential and punitive damages; (ii) claims for lost profits; (iii) costs of investigation; (iv) costs and expenses incurred in defending any claim within the scope of Franchisee's indemnification, including, without limitation, attorneys' and other professional fees, court costs, and travel and living expenses necessitated by the need or desire to appear before (or witness the proceedings of) courts or tribunals (including arbitration tribunals), or government or quasi-governmental entities (including those incurred by Company's attorneys, experts and advisors); (v) costs and expenses for any recalls, refunds, compensation or public notices; (vi) claims based on alleged "vicarious", "principal/agent" or other legal theories as a result of Company's status as Company; and (vii) costs and expenses that Company or any of the indemnified parties incur as a result of any litigation or insolvency proceedings involving Franchisee (whether or not Franchisee is a party in the proceeding).

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

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

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

(f) Franchisee's indemnification obligations shall survive the expiration, termination or assignment of this Agreement for any reason.

18.3 Security Interest. To secure Franchisee's performance under this Agreement, Franchisee hereby grants to Company a security interest in and to all of Franchisee's tangible and intangible property used to operate the Franchised Gym. Company shall record appropriate financing statements to protect and perfect Company's rights as a secured party under Applicable Laws. Except with Company's prior written consent, which Company shall not unreasonably withhold, it shall be a breach of this Agreement for Franchisee to grant another person a security interest in Franchisee's tangible or intangible assets of the Franchised Gym even if subordinate to Company's security interest. Company agrees to subordinate Company's own security interest if requested by a lender providing financing to Franchisee on commercially reasonable terms in connection with the purchase of the franchise.

19. PERSONAL GUARANTY

19.1 Scope. Each person who now or during the Term is an Equity Holder shall furnish any financial information reasonably required by Company and execute Company's Consolidated Agreement in the form attached as **Schedule B**.

19.2 Default. An event of default under this Agreement shall occur if any Equity Holder fails or refuses to deliver to Company, within 10 days after Company's written request: (i) evidence of the due execution of the Consolidated Agreement, and (ii) current financial statements as may from time to time be requested by Company.

20. DISPUTE RESOLUTION

20.1 Agreement to Mediate Disputes. Except as provided in subparagraph B of this Section, neither party to this Agreement shall bring an action or proceeding to enforce or interpret any provision of this Agreement, or seeking any legal remedy based upon the relationship created by this Agreement or an alleged breach of this Agreement, until the dispute has been submitted to mediation conducted in accordance with the procedures stated in this Agreement.

(a) The mediation shall be conducted pursuant to the rules of JAMS ("the Mediation Service"). Either party may initiate the mediation (the "Initiating Party") by notifying the Mediation Service in writing, with a copy to the other party (the "Responding Party"). The notice shall describe with specificity the nature of the dispute and the Initiating Party's claim for relief. Thereupon, both parties will be obligated to engage in the mediation, which shall be conducted in accordance with the Mediation Service's then-current rules, except to the extent the rules conflict with this Agreement, in which case this Agreement shall control.

(b) The mediator must be either a practicing attorney with experience in business format franchising or a retired judge, with no past or present affiliation or conflict with any party to the mediation. The parties agree that mediator and Mediation Service's employees shall be disqualified as a witness, expert, consultant or attorney in any pending or subsequent proceeding relating to the dispute which is the subject of the mediation.

(c) The fees and expenses of the Mediation Service, including the mediator's fee and expenses, shall be shared equally by the parties. Each party shall bear its own attorneys' fees and other costs incurred in connection with the mediation irrespective of the outcome of the mediation or the mediator's evaluation of each party's case.

(d) The mediation conference shall commence within 30 days after selection of the mediator. Regardless of whether Company or Franchisee is the Initiating Party, the mediation shall be conducted at Company's headquarters at the time in the United States, unless otherwise required by Applicable Laws.

(e) The parties shall participate in good faith in the entire mediation, including the mediation conference, with the intention of resolving the dispute, if at all possible. The parties shall each send at least one representative to the mediation conference who has authority to enter into a binding contract on that party's behalf and on behalf of all principals of that party who are required by the terms of the parties' settlement to be personally bound by it. The parties recognize and agree, however, that the mediator's recommendations, if any, shall not be binding on the parties.

(f) The mediation conference shall continue until conclusion, which is deemed to occur when: (i) a written settlement is reached, (ii) the mediator concludes, after a minimum of 8 hours of mediation as required by Section 20.1(h), and informs the parties in writing, that further efforts would not be useful, or (iii) the parties agree in writing that an impasse has been reached. Neither party may withdraw before the conclusion of the mediation conference.

(g) The mediation proceeding will be treated as a compromise settlement negotiation. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation proceeding by any party or their agents, experts, counsel, employees or representatives, and by the mediator and Mediation Service's employees, are confidential. Such offers, promises, conduct and statements may not be disclosed to any third party and are privileged and inadmissible for any purpose, including impeachment, under applicable federal and state laws or rules of evidence; provided, however, that evidence otherwise discoverable or admissible shall not be rendered not discoverable or inadmissible as a result of its use in the mediation. If a party informs the mediator that information is conveyed in confidence by the party to the mediator, the mediator will not disclose the information.

(h) If one party breaches this Agreement by refusing to participate in the mediation or not complying with the requirements for conducting the mediation, the non-breaching party may immediately file suit and take such other action to enforce its rights as permitted by law and the breaching party shall be obligated to pay: (i) the mediator's fees and costs; (ii) the non-breaching party's reasonable attorneys' fees and costs incurred in connection with the mediation, and (iii) to the extent permitted by law, the non-breaching party's reasonable attorneys' fees and costs incurred in any suit arising out of the same dispute, regardless of whether the non-breaching party is the prevailing party. Additionally, in connection with (iii), the breaching party shall forfeit any right to recover its attorneys' fees and costs should it prevail in the suit. The parties agree that the foregoing conditions are necessary to encourage meaningful mediation as a means for efficiently resolving any disputes that may arise.

20.2 Exceptions to Duty to Mediate Disputes.

(a) The obligation to mediate shall not apply to any disputes, controversies or claims (i) where the monetary relief sought is under $10,000, (ii) in which Company seeks to enforce its rights under any Addendum to Lease, or (iii) any claim by either party seeking Provisional Remedies, including, in the case of Company, an action to enforce the restrictions against engaging in a Competitive Business. The parties waive the requirement that a party issued Provisional Remedies post bond.

(b) Additionally, notwithstanding a party's duty to mediate disputes under this Agreement, a party may file an application before any court of competent jurisdiction seeking Provisional Remedies whether or not the mediation has already commenced. An application for Provisional Remedies shall neither waive nor excuse a party's duty to mediate under this Agreement. However, once a party files an application for Provisional Remedies, the time period for mediation in this Agreement shall be tolled pending the court's ruling on the application for Provisional Remedies. The party that is awarded Provisional Remedies shall not be required to post bond or comparable security.

20.3 Judicial Relief.

(a) The parties agree that (i) all disputes arising out of or relating to this Agreement which are not resolved by negotiation or mediation, and (ii) all claims which this Agreement expressly excludes from mediation, shall be brought exclusively in the federal and state courts located closest to Company's headquarters at the time, or in the United States District Court located closest to Company's headquarters. Company may relocate its headquarters in its sole discretion at any time without prior written notice to Franchisee.

(b) The parties agree to submit to the jurisdiction of the courts mutually selected by them pursuant to this Section and mutually acknowledge that selecting a forum in which to resolve disputes arising between them is important to promote stability in their relationship. Franchisee furthermore agrees that selecting a venue proximate to Company's headquarters is reasonable given Company's obligation to administer the franchise program on behalf of all Network Members in the United States and Franchisee agrees not to challenge venue or Company's right to relocate its headquarters and, as a result, change the venue for the resolution of disputes.

(c) To the fullest extent that it may effectively do so under Applicable Laws, Franchisee waives the defense of an inconvenient forum to the maintenance of an action in the courts identified in this Section and agrees not to commence any action of any kind against Company, Company's Affiliates and their respective officers, directors, shareholders, LLC managers and members, employees and agents or property arising out of or relating to this Agreement except in the courts identified in this Section.

20.4 Expedited Discovery. In connection with any application for Provisional Remedies, each party may conduct discovery on an expedited basis.

20.5 WAIVER OF JURY TRIAL. COMPANY AND FRANCHISEE EACH HEREBY WAIVE THEIR RESPECTIVE RIGHT TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, COUNTERCLAIM OR CROSS-COMPLAINT IN ANY ACTION, PROCEEDING AND/OR HEARING BROUGHT BY EITHER COMPANY OR FRANCHISEE ON ANY MATTER WHATSOEVER ARISING OUT OF, OR IN ANY WAY CONNECTED WITH, THIS AGREEMENT, THE RELATIONSHIP OF THE PARTIES, THE USE OF THE SYSTEM, OR ANY CLAIM OF INJURY OR DAMAGE, OR THE ENFORCEMENT OF ANY REMEDY UNDER ANY LAW, STATUTE, REGULATION, EMERGENCY OR OTHERWISE, NOW OR HEREAFTER IN EFFECT, TO THE FULLEST EXTENT PERMITTED UNDER APPLICABLE LAWS.

20.6 Choice of Law. Except as otherwise provided in this Agreement with respect to the possible application of Local Laws, the parties agree that California law shall govern the construction, interpretation, validity and enforcement of this Agreement and shall be applied in any mediation or judicial proceeding to resolve all disputes between them, except to the extent the subject matter of the dispute arises exclusively under federal law, in which event the federal law shall govern.

20.7 Limitations Period. To the extent permitted by Applicable Laws, any legal action of any kind arising out of or relating to this Agreement or its breach, including any claim that this Agreement or any of its parts is invalid, illegal or otherwise voidable or void, must be commenced by no later than one year from the date of the act, event, occurrence or transaction which constitutes or gives rise to the alleged violation or liability; provided, however, the applicable limitations period shall be tolled during the course of any mediation which is initiated before the last day of the limitations period with the tolling beginning on the date that the Responding Party receives the Initiating Party's demand for mediation and continuing until the date that the mediation is either concluded, or suspended due to a party's failure or refusal to participate in the mediation in violation of this Agreement.

20.8 Liquidated Damages. If this Agreement is terminated due to Franchisee's breach, Company may recover liquidated damages calculated in the manner provided in this Section ("**Liquidated Damages**"). The calculation of Liquidated Damages is based on the parties' good faith estimate of the amount of time it would take Company to find a replacement for Franchisee in the trade area that had been served by Franchisee and for the replacement to generate fees equivalent to the amounts paid or payable by Franchisee. The parties agree that: (i) if termination occurs more than 36 complete Calendar Months from the Opening Date, Liquidated Damages shall be equal to the product of 36 times the average Royalty Fees paid, or that should have been paid, by Franchisee pursuant to this Agreement, for the 36 Calendar Months immediately before the Effective Date of Termination of this Agreement; (ii) if termination occurs before Franchisee has operated its Franchised Gym for at least 36 complete Calendar Months, Liquidated Damages shall be equal to the product of 36 times the average Royalty Fees paid, or that should have been paid, by Franchisee pursuant to this Agreement, during the period since the Opening Date; and (iii) if termination occurs before the Opening Date, Liquidated Damages shall be two times the sum of the Initial Franchise Fee. In each case, the amount of Liquidated Damages shall not be reduced by any claims that Franchisee may have for set off or otherwise. Furthermore, the Liquidated Damages calculation shall not be affected by the fact that during the calculation period Royalty Fees may not have been paid by Franchisee or were forgiven, set off, or waived by Company for any reason. The parties acknowledge and agree that the method for calculating Liquidated Damages represents the parties' reasonable endeavor to estimate a fair average compensation for Company's loss due to Franchisee's breach and their decision to provide for Liquidated Damages spares both parties the cost and inconvenience of having to prove Company's actual damages. Franchisee agrees that the availability of Liquidated Damages shall not preclude Company from obtaining Provisional Remedies to enforce the provisions of this Agreement pertaining to Franchisee's use of the Marks or to prevent conduct that does, or threatens to, harm the reputation or goodwill of the Marks.

20.9 Punitive or Exemplary Damages. Company and Franchisee, on behalf of themselves and their respective Affiliates, directors, officers, shareholders, members, managers, guarantors, employees and agents, as applicable, each hereby waive, to the fullest extent permitted by law, any right to, or claim for, punitive or exemplary damages against the other and agree that, in the event of a dispute between them, each is limited to recovering only the actual damages proven to have been sustained by it.

20.10 Attorneys' Fees. Except as expressly provided in this Agreement, in any action or proceeding brought to enforce any provision of this Agreement or arising out of or in connection with the relationship of the parties hereunder, the prevailing party shall be entitled to recover against the other its reasonable attorneys' fees and court costs in addition to any other relief awarded by the court. As used in this Agreement, the "prevailing party" is the party who recovers greater relief in the action.

20.11 Waiver of Collateral Estoppel. The parties agree they should each be able to settle, mediate, litigate or compromise disputes in which they may be, or become, involved with third parties without having the dispute affect their rights and obligations to each other under this Agreement. Company and Franchisee therefore each agree that a decision of an arbitrator or judge in any proceeding or action in which either Company or Franchisee, but not both of them, is a party shall not prevent the party to the proceeding or action from making the same or similar arguments, or taking the same or similar positions, in any proceeding or action between Company and Franchisee. Company and Franchisee therefore waive the right to assert that principles of collateral estoppel prevent either of them from raising any claim or defense in an action or proceeding between them even if they lost a similar claim or defense in another action or proceeding with a third party.

20.12 Waiver of Class Action Relief. Company and Franchisee agree that any mediation or litigation initiated or brought by either party against the other will be conducted on an individual, not on a class-wide, basis.

21. REPRESENTATIONS OF FRANCHISEE.

Franchisee understands and agrees and represents to Company, to induce Company to enter into this Agreement, that:

21.1 Acceptance of Conditions. Franchisee has read this Agreement and Company's Franchise Disclosure Document and understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Company's standards of service and quality and to protect and preserve Company's rights in the System and the goodwill of the Licensed Marks.

21.2 Independent Investigation. Franchisee has conducted an independent investigation of the business contemplated by this Agreement. Franchisee recognizes that the System may evolve and change over time and that Company may impose change to the System that Company believes, in its sole discretion, will benefit Network Gyms generally and strengthen consumer awareness of, and confidence in, the Licensed Marks. Franchisee is aware that Company cannot predict the nature of future changes to the System or the amount of Franchisee's future investment to adopt future changes.

21.3 No Representations: Status of Franchisee.

(a) By executing this Agreement, Franchisee represents and warrants that no person acting on Company's behalf has made any representations or promises to Franchisee that are not contained in this Agreement or the Franchise Disclosure Document that Franchisee acknowledges Company has delivered to Franchisee before the Effective Date.

(b) Each Primary Owner is a United States citizen or a lawful resident alien of the United States.

(c) Franchisee understands that it is a material obligation of this Agreement that it remain duly organized and in good standing as a Business Entity for as long as this Agreement is in effect and it owns the franchise rights.

(d) All financial and other information provided to Company or its representative in connection with Franchisee's application is true and correct and no material information or fact has been omitted which is necessary to make the information disclosed not misleading.

(e) Franchisee's execution of this Agreement does not violate the terms of any contract to which Franchisee or any of its Equity Holders now is a party or to which it or they is still bound.

21.4 Success of Franchised Gym. Franchisee understands and agrees that owning the Franchised Gym involves business risks and the success of the Franchised Gym will depend primarily on Franchisee's investment of time, capital and personnel, the business abilities and experience of Franchisee's management, Franchisee's local marketing efforts, the desirability of the Approved Location in Franchisee's local market, local demographic factors, and other factors beyond Company's or Franchisee's control, including local competition, consumer preferences, inflation, labor costs, prevailing economic conditions, and similar types of market conditions, which may change over time and are difficult to anticipate. Franchisee is not entering into this Agreement based upon any express or implied guaranty or assurance that the Franchised Gym at the Approved Location will be successful or profitable.

21.5 Anti-Terrorism Representations. Franchisee represents that none of Franchisee's assets are currently subject to being blocked under, and Franchisee is not otherwise in violation of, Applicable Laws, including anti-terrorism laws. Additionally, Franchisee agrees to comply with and assist Company to the fullest extent possible in Company's efforts to comply with anti-terrorism laws. Any violation of, or "blocking" of assets under, any anti-terrorism laws will constitute a breach of this Agreement and grounds for immediate termination without an opportunity to cure.

22. MISCELLANEOUS

22.1 Notices.

(a) All communications required or permitted to be given to either party hereunder shall be in writing and shall be deemed duly given if properly addressed on the earlier of (i) the date when delivered by hand; (ii) the date when delivered by e-mail if confirmation of transmission is received or can be established by the sender; or (iii) two days after delivery to a reputable national overnight delivery service in the sender's country. Notices shall be directed to the address shown in **Section 16** of the **Commercial Addendum** for the party and its representative. Either party may change its address for receiving notices by giving appropriate written notice to the other. All communications required or permitted to be given by a party in writing may be given electronically to the party's designated e-mail address in **Section 16** of the **Commercial Addendum** or as subsequently changed by appropriate written notice.

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

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

22.3 Waiver. Any waiver granted by Company to Franchisee excusing or reducing any obligation or restriction imposed under this Agreement shall be in writing and shall be effective upon delivery of such writing by Company to Franchisee or upon such other effective date as specified in the writing, and only to the extent specifically allowed in such writing. No waiver granted by Company, and no action taken by Company, with respect to any third party shall limit Company's right to take action of any kind, or not to take action, with respect to Franchisee. Any waiver granted by Company to Franchisee shall be without prejudice to any other rights Company may have. The rights and remedies granted to Company are cumulative. No delay on the part of Company in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by Company of any right or remedy shall preclude Company from fully exercising such right or remedy or any other right or remedy. Company's acceptance

of any payments made by Franchisee after a breach of this Agreement shall not be, nor be construed as, a waiver by Company of any breach by Franchisee of any term, covenant or condition of this Agreement.

22.4 Section Headings; Language. The Section titles and headings used in this Agreement are inserted for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement. The language used in this Agreement shall in all cases be construed simply according to its fair meaning and not strictly for or against Company or Franchisee. The words "include" and "including" mean in each case "without limitation." Terms used in the singular includes the plural and no language shall the interpreted as gender-specific. The phrase "sole discretion" means sole and absolute discretion which a party whose consent is required may withhold for any reason or no reason without liability. If two or more Business Entities are at any time the Franchisee or Equity Holders, whether or not as partners or joint venturers, their obligations and liabilities to Company shall be joint and several. Nothing in this Agreement is intended, nor shall it be deemed, to confer any rights or remedies upon any person or Business Entity that is not a party hereto.

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

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

22.7 Amendments. No amendment, change, modification or variance to or from the terms and conditions in this Agreement shall be binding on any party unless it is in writing and duly executed by Company and Franchisee. For the sake of clarity, this Section shall not limit Company's right unilaterally to modify the Brand Standards Manual during the Term if the modifications do not materially and adversely change the rights and duties of the parties under this Agreement.

22.8 Withholding of Consent; Company's Business Judgment.

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

(b) The parties recognize, and any mediator or judge is affirmatively advised, that certain provisions of this Agreement describe the right of Company to take (or refrain from taking) certain actions in its sole discretion and other actions in the exercise of its reasonable business judgment. Where this Agreement expressly requires that Company make a decision based upon Company's reasonable business judgment, Company is required to evaluate the overall best interests of all Network Gyms and Company's own business interests. If Company makes a decision based upon its reasonable business judgment, neither a mediator nor a judge shall substitute their judgment for the judgment so exercised by Company. The fact that a mediator or judge might reach a different decision than the one made by Company is not a basis for finding that Company made its decision without the exercise of reasonable business judgment. Company's duty to exercise reasonable business judgment in making certain decisions does not restrict or limit Company's right under this Agreement to make other decisions based entirely on Company's sole

discretion as permitted by this Agreement. Company's sole discretion means that Company may consider any set of facts or circumstances that it deems relevant in rendering a decision.

22.9 Complete Agreement. This Agreement, including all exhibits attached hereto, and all agreements or documents which by the provisions of this Agreement are expressly incorporated herein or made a part hereof, sets forth the entire agreement between the parties, fully superseding any and all prior agreements or understandings between them pertaining to the subject matter hereof. However, nothing in this Agreement or any related agreement is intended to disclaim the Company's representations made in the Franchise Disclosure Document.

22.10 Currency. All fees expressed as a fixed sum of money are in U.S. dollars.

22.11 Covenant and Condition. Each provision of this Agreement performable by Franchisee shall be construed to be both a covenant and a condition.

22.12 Survival. In addition to those provisions in this Agreement that expressly state that they survive the Effective Date of Termination or Expiration of this Agreement or an Event of Transfer, any other covenants in this Agreement which require performance by either party after the Effective Date of Termination or Expiration of this Agreement or an Event of Transfer shall survive and be enforceable after the Effective Date of Termination or Expiration of this Agreement or an Event of Transfer.

22.13 Consent of Spouse. The spouse of each Equity Holder shall execute a Consent of Spouse in the form of **Schedule C**.

22.14 Submission of Agreement. The submission of this Agreement to Franchisee does not constitute an offer to Franchisee, and this Agreement shall become effective only upon execution by Company and Franchisee.

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

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

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

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

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

Signatures appear at the end of the Commercial Addendum (Schedule A).

SCHEDULE A

COMMERCIAL ADDENDUM ("Commercial Addendum")
TO FRANCHISE AGREEMENT

Company and Franchisee agree that the information in this Commercial Addendum reflects conditions as of the Effective Date. The provisions in this Commercial Addendum including the Attachments are fully incorporated in and made a part of the Franchise Agreement ("Agreement"), and the definitions in the Agreement are fully incorporated in and made a part of this Commercial Addendum. If any information in these Commercial Addendum conflicts with any provision in the Agreement, then the information in this Commercial Addendum controls. The parties may amend this Commercial Addendum to reflect changes occurring after the Effective Date. However, the parties' failure to amend this Commercial Addendum shall not prevent a party from establishing the change or the parties' agreement to modify this Commercial Addendum.

1	Effective Date	
2	Franchisee	Name: Address: EIN: Ownership: See Attachment 1 to this Commercial Addendum Management: See Attachment 2 to this Commercial Addendum
3	Approved Location (Section 4)	The Approved Location is identified as follows: _____ _____ [street address, city, state, zip code] [Use the following language if Approved Location has not yet been identified] The Approved Location has not yet been identified. Franchisee must obtain Company's written approval of the Approved Location within 180 days from the Effective Date.
4	Territory	See map attached as Attachment 3.
5	Initial Term (Section 1.46)	The period beginning on the Effective Date and ending Five (5) years from the Opening Date.
6	Renewal Term (Section 5.2)	Two Renewal Terms, each for five (5) years
7	Security Deposit (Section 9.2)	$5,000 (payable upon Franchisee's failure to make or delay in making a payment due to Company)
8	Renewal Fee (Section 5.2(b))	$7,500
9	Initial Franchise Fee (Section 9.1(a))	$50,000
10	Royalty Fee (Section 9.3)	The greater of (i) 7% of the Gross Revenue of the Franchised Gym; or (ii) $1,600 per Calendar Month prorated for any partial Calendar Month

<table>
<tr><td>11</td><td>Marketing Fee
(Section 9.4)</td><td>The greater of: (i) 2% of the Gross Revenue of the Franchised Gym; or
(ii) $200 per Calendar Month prorated for any partial Calendar Month</td></tr>
<tr><td>12</td><td>Grand Opening Launch Fee and Ad Spend Fee
(Section 9.5)</td><td>(a) $2,500 per 4 weeks (“Grand Opening Launch Fee”) (for Company to manage Franchisee’s launch campaign); and
(b) $5,000 per 4 weeks (“Ad Spend Fee”), which Company will use to purchase traditional and social media.
Exact fees will depend on the length of the launch campaign, which Company determines. Company will cap the Grand Opening Launch Fee at $7,500 (or 3 times $2,500), even if Franchisee’s launch campaign is longer than 12 weeks. Company will consult with Franchisee during the launch campaign period, but will retain authority to use the Ad Spend Fee in its discretion to publicize Franchisee’s Gym to prospective customers in the Territory. Within 90 days after the Opening Date, Company will provide Franchisee with an accounting or access to an accounting showing its use of the Ad Spend Fees.</td></tr>
<tr><td>13</td><td>Technology Fee
(Section 9.6)</td><td>(a) $850 per Calendar Month; plus
(b) $10 per Calendar Month for each additional email address over the first three emails furnished as part of the Technology Fee of $850 per Calendar Month.
The Technology Fee is subject to increase on January 1 of each Calendar Year during the Term by not more than 10% over the prior year’s rate.
The Technology Fee does not cover other costs that Franchisee may incur and pay to third parties for services like text messages; costs for software that Company requires Franchisee to use to play music during classes which Franchisee may arrange to obtain from approved third party suppliers; or costs paid to Company or approved third parties for optional technology support.</td></tr>
<tr><td>14</td><td>Minimum Local Marketing Obligation
(Section 11.10)</td><td>3% of Gross Revenue each Calendar Quarter</td></tr>
<tr><td>15</td><td>Minimum Insurance Requirements</td><td>Attachment 4</td></tr>
<tr><td>16</td><td>Address for Notices
(Section 22.1(a))</td><td>
<table>
<tr><td>TO: COMPANY</td><td>WITH A COPY TO</td></tr>
<tr><td>Dan Bova
TYG ENTERPRISES, LLC
1/2 Cawarra Road
Caringbah Sydney, NSW 2229
Australia
franchise@theyardgym.com.au</td><td>Rochelle B. Spandorf, Esq.
Davis Wright Tremaine LLP
865 South Figueroa Street
Suite 2400
Los Angeles, California 90017
rochellespandorf@dwt.com</td></tr>
<tr><td>TO: FRANCHISEE</td><td>WITH A COPY TO</td></tr>
<tr><td>_____
_____
_____</td><td>_____
_____
_____</td></tr>
</table>
</td></tr>
<tr><td>17</td><td>Personal Guarantors
(Section 1.61; Schedule B)</td><td>All Equity Holders, defined as a person or Business Entity owning 5% or more of the outstanding voting stock or other equity ownership interests of Franchisee that are coupled with voting rights.</td></tr>
</table>

By signing below, each of the parties attests to the accuracy of the information contained in the Commercial Addendum and agrees to and intends to be legally bound by the terms and provisions of the Franchise Agreement to which this Commercial Addendum is attached, all attachments thereto, effective on the Effective Date set forth above in **Section 1**.

Company:	Franchisee:
TYG ENTERPRISES, LLC, a Delaware limited liability company	The party named in **Section 2** of the **Commercial Addendum**
By:_____	By:_____
Name: Daniel Bova	Name:_____
Title: Chief Executive Officer	Title: _____

Attachments:

Attachment 1 – Names of Franchisee's Equity Holders
Attachment 2 – Names of Franchisee's Executive Management
Attachment 3 – Map of Territory
Attachment 4 – Insurance - Minimum Coverage Requirements; Recommended Coverage

Attachment 1

Names of Franchisee's Equity Holders

List each person or Business Entity who now, or after the Effective Date, owns 5% or more of the outstanding voting stock or other equity ownership interests of Franchisee that are coupled with voting rights. For the sake of clarity, "ownership interest" means any stock, partnership, membership, or other direct or indirect beneficial interest in the Business Entity or in the economic benefits of an ownership interest:

Owner Name: ______________________________
Address: ______________________________
E-mail: ______________________________
Spouse Name: ______________________________
Spouse E-mail: ______________________________
Nature of Equity: ______________________________
Nature of Units/Shares Held: ____________________
Percentage Held: ______________________________

Owner Name: ______________________________
Address: ______________________________
E-mail: ______________________________
Spouse Name: ______________________________
Spouse E-mail: ______________________________
Nature of Equity: ______________________________
Nature of Units/Shares Held: ____________________
Percentage Held: ______________________________

Owner Name: ______________________________
Address: ______________________________
E-mail: ______________________________
Spouse Name: ______________________________
Spouse E-mail: ______________________________
Nature of Equity: ______________________________
Nature of Units/Shares Held: ____________________
Percentage Held: ______________________________

Owner Name: ______________________________
Address: ______________________________
E-mail: ______________________________
Spouse Name: ______________________________
Spouse E-mail: ______________________________
Nature of Equity: ______________________________
Nature of Units/Shares Held: ____________________
Percentage Held: ______________________________

Owner Name: ______________________________
Address: ______________________________
E-mail: ______________________________
Spouse Name: ______________________________
Spouse E-mail: ______________________________
Nature of Equity: ______________________________
Nature of Units/Shares Held: ____________________
Percentage Held: ______________________________

Owner Name: ______________________________
Address: ______________________________
E-mail: ______________________________
Spouse Name: ______________________________
Spouse E-mail: ______________________________
Nature of Equity: ______________________________
Nature of Units/Shares Held: ____________________
Percentage Held: ______________________________

Owner Name: ______________________________
Address: ______________________________
E-mail: ______________________________
Spouse Name: ______________________________
Spouse E-mail: ______________________________
Nature of Equity: ______________________________
Nature of Units/Shares Held: ____________________
Percentage Held: ______________________________

Owner Name: ______________________________
Address: ______________________________
E-mail: ______________________________
Spouse Name: ______________________________
Spouse E-mail: ______________________________
Nature of Equity: ______________________________
Nature of Units/Shares Held: ____________________
Percentage Held: ______________________________

[Add additional rows if needed]

Attachment 2

Names of Franchisee's Executive Management as of the Effective Date

List every individual who falls into any of the following categories: (i) a principal officer or member of the board of directors of Franchisee if Franchisee is a corporation; (ii) a general partner of Franchisee if Franchisee is a general or limited partnership; (iii) a manager of Franchisee if Franchisee is a limited liability company; (iv) occupies a similar status or performs similar functions, whether as an employee or independent contractor of Franchisee, as an individual identified in (i), (ii) and (iii); (v) Franchisee's designated Primary Owner; or (vi) Franchisee's designated General Manager

1. Name: _____
   Email: _____
   Address: _____

2. Name: _____
   Email: _____
   Address: _____

3. Name: _____
   Email: _____
   Address: _____

4. Name: _____
   Email: _____
   Address: _____

Attachment 2

Map of Territory

Where the boundaries of the Territory run along a road, creek, river, park or other geographical feature (collectively the "boundary road") the boundary of the Territory will be deemed to be the centre of the boundary road.

[TO BE ATTACHED]

Attachment 3

Insurance - Minimum Coverage Requirements; Recommended Coverage

REQUIRED COVERAGE	MINIMUM LIMITS OF COVERAGE
General Liability Aggregate	$1 Million Dollars per occurrence $2 Million Dollars aggregate coverage
Products/Completed Operations Aggregate	$2 Million Dollars aggregate coverage
Broad form Contractual Liability; Personal and Advertising Injury	$1 Million Dollars
All “Risks” or “Special” form general casualty insurance	Full replacement value of your Franchised Gym and its contents based on the cost of replacing the damaged or destroyed property with property meeting Company’s current specifications at the time replacement is required
Fire Damage (any one fire)	$1 Million Dollars Fire Legal Liability or the hire amount required by the Lease
Business Interruption Insurance	$1 Million Dollars
Workers compensation and employer’s liability insurance, together with any other insurance required by law	Minimum limits required by law

RECOMMENDED COVERAGE	MINIMUM LIMITS OF COVERAGE
Non-owned Automobile Liability	$1 Million Dollars per occurrence

SCHEDULE B

CONSOLIDATED PERSONAL GUARANTY, CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

This Consolidated Personal Guaranty ("**Guaranty**"), Non-Competition Agreement ("**Non-Competition Agreement**"), and Confidentiality Agreement ("**Confidentiality Agreement**") (collectively, the "**Consolidated Agreement**") is made by each of the undersigned parties (who are sometimes individually, "**Signatory**"; collectively "**Signatories**") in favor of **TYG Enterprises, LLC**, a Delaware limited liability company ("**Company**") pursuant to the requirements of that certain franchise agreement ("**Agreement**") by and between Company and the party identified as "**Franchisee**" in Schedule A to the Agreement referred to as the "**Commercial Addendum**." The "**Effective Date**" of this Consolidated Agreement is the same Effective Date as the Agreement and set forth in the **Commercial Addendum**. The Signatories enter into this Consolidated Agreement with reference to the following recitals:

RECITALS

A. The Franchise Agreement requires (i) Equity Holders to sign Company's form of personal guaranty; (ii) Covered Persons to abide by certain non-competition agreements; and (iii) Franchisee's Executive Management, Equity Holders, and Covered Persons to abide by duties pertaining to Confidential Information. The Signatories who are individuals have completed Schedule 1 to this Consolidated Agreement to indicate if they are an Equity Holder, Covered Person, a member of Franchisee's Executive Management, or fall into multiple categories.

B. Franchisee executes this Consolidated Agreement to attest to the truthfulness of the information in Schedule 1 and that the Signatories include all persons who are Equity Holders, Covered Persons or members of Franchisee's Executive Management on the Effective Date.

C. The Signatories acknowledge that the refusal of any individual who is an Equity Holder, Covered Person or member of Franchisee's Executive Management to execute this Consolidated Agreement would put Franchisee in material breach of the Franchise Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt of which each Signatory acknowledges, each Signatory having read this Consolidated Agreement and understanding its terms agrees as follows:

1. DEFINITIONS

1.1 All capitalized terms in this Consolidated Agreement that are not defined in this Consolidated Agreement have the meaning given to them in the Franchise Agreement, and those definitions are incorporated into this Consolidated Agreement by this reference.

1.2 Each Signatory represents that they are, or have had the opportunity to become, familiar with the definitions in the Franchise Agreement that are incorporated by reference in this Consolidated Agreement. By executing this Consolidated Agreement, each Signatory who is an individual attests that they are either an Equity Holder, Covered Person or a member of Franchisee's Executive Management, or fall into more than one category, as reflected on Schedule 1 to this Consolidated Agreement.

1.3 For clarity and ease of reference, the parties to this Consolidated Agreement acknowledge the Franchise Agreement defines Equity Holder, Covered Person or member of Franchisee's Executive Management as follows:

(a) An individual is a "**Covered Person**" if they (i) are a member of Franchisee's Executive Management; (ii) are an Equity Holder of Franchisee; (iii) hold a position in any Franchisee Affiliate organization equivalent to Franchisee's Executive Management or own 5% or more of the outstanding voting stock or other equity interest of the Affiliate; or (iv) are the spouse, adult children, parents or siblings of the individuals included in (i) –

(iii). Covered Person means an individual who falls within the identified categories either on the Effective Date or later during the Term of the Franchise Agreement.

(b) An "**Equity Holder**" is a person or Business Entity who now, or after the Effective Date, owns 5% or more of the outstanding voting stock or other equity ownership interests of Franchisee that are coupled with voting rights. For the sake of clarity, "ownership interest" means any stock, partnership, membership, or other direct or indirect beneficial interest in the Business Entity or in the economic benefits of an ownership interest.

(c) "**Franchisee's Executive Management**" means every individual who falls into any of the following categories: (i) a principal officer or member of the board of directors of Franchisee if Franchisee is a corporation; (ii) a general partner of Franchisee if Franchisee is a general or limited partnership; (iii) a manager of Franchisee if Franchisee is a limited liability company; (iv) a person who occupies a similar status or performs similar functions, whether as an employee or independent contractor of Franchisee, as an individual identified in (i), (ii) and (iii); (v) Franchisee's designated Primary Owner; or (vi) Franchisee's designated General Manager.

2. PERSONAL GUARANTY

This Section 2 shall apply to all Signatories to this Consolidated Agreement who are Equity Holders:

2.1 Each Equity Holder hereby unconditionally and irrevocably personally guarantees to Company and Company's Affiliates the full and punctual payment and performance of all present and future amounts, liabilities, duties and obligations of Franchisee under the Franchise Agreement arising on or after the Effective Date (collectively, the "**Indebtedness**").

2.2 Franchisee's payments of any Indebtedness will not discharge or diminish each Equity Holder's obligations and liability as a personal guarantor for any remaining or future Indebtedness.

2.3 Each Equity Holder's obligations as a personal guarantor are primary obligations of each Equity Holder.

2.4 Each Equity Holder's obligations as a personal guarantor are joint and several with all Equity Holders.

2.5 If Franchisee fails to pay or perform any of the Indebtedness, Company may proceed first and directly against any Equity Holder without first (i) proceeding against Franchisee or any other Equity Holder; (ii) exhausting other remedies that Company may have under Applicable Law; or (iii) taking possession of any collateral pledged as security for the Indebtedness. Each Equity Holder's obligations to Company as a personal guarantor are not subject to any counterclaim, recoupment, set-off, reduction, or defense based on any claim that an Equity Holder may have against Franchisee.

2.6 If Franchisee fails to pay the Indebtedness when due for any reason, Company may give written notice demanding payment and the Equity Holders jointly and severally shall have 5 days after receiving Company's written demand to pay the entire amount of the Indebtedness then due to Company in immediately available funds to Company at its address specified in the Franchise Agreement for giving notices to Company. An Equity Holder will breach their obligations as a personal guarantor if the amount demanded by Company is not fully received within 5 days following the Equity Holder's receipt of Company's written demand. Company's written demand to an Equity Holder shall not modify the terms of the Franchise Agreement.

2.7 The obligations and undertakings by the Equity Holders as a personal guarantor shall not be affected, impaired, modified, waived or released due to (i) the invalidity or unenforceability of any provision of the Franchise Agreement; (ii) any bankruptcy, reorganization, dissolution, liquidation or similar proceedings affecting Franchisee; or (iii) an Event of Transfer by Franchisee or other sale or disposition of Franchisee's assets. Additionally, none of the following actions will affect, impair, modify, waive, reduce or release Company's rights or an Equity Holder's obligations or liabilities as a personal guarantor: if Company (a) renews, extends or otherwise changes the time or terms for Franchisee's payment of the Indebtedness; (b) extends or changes the time or terms for performance by

Franchisee; (c) amends, compromises, releases, terminates, waives, surrenders, or otherwise modifies the Franchise Agreement; (d) releases, terminates, exchanges, surrenders, sells or assigns any collateral that Company has accepted to secure Franchisee's payment or performance of the Indebtedness; (e) accepts additional property or other security as collateral for any or all of the Indebtedness; (f) fails or delays to enforce, assert or exercise any right, power, privilege or remedy conferred upon Company under the Franchise Agreement or Applicable Law; (g) consents to Franchisee taking certain action or does not object to Franchisee taking certain action regarding the Indebtedness; or (h) applies any payment received from Franchisee, or from any other source other than an Equity Holder, to the Indebtedness in any order that Company elects, which each Equity Holder acknowledges Company may do under the Franchise Agreement.

2.8 Each Equity Holder unconditionally waives, to the fullest extent permitted by Applicable Law, all notices that Applicable Law may require Company to give to the Equity Holders in order for Company to enforce its rights as the beneficiary of the personal guaranty given by each of the Equity Holders. An Equity Holder shall not exercise any right to subrogation, reimbursement or contribution against Franchisee.

2.9 If an Equity Holder lends money to Franchisee, the Equity Holder's right to repayment is subordinate to Franchisee's obligations to Company.

2.10 While the Franchise Agreement is in effect, each Equity Holder shall furnish Company with true and complete personal financial information, including personal tax returns, reasonably promptly following Company's request.

3. NON-COMPETITION AGREEMENT

This Section 3 shall apply to all Signatories to this Consolidated Agreement who are Covered Persons:

3.1 For as long as Franchisee is a party to any Franchise Agreement with Company, each Covered Person agrees that they shall not, directly or indirectly, own, engage in or render services to, either as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, a Competitive Business located anywhere in the world; provided, however, the restrictions stated in this Section shall not continue to apply to a Covered Person after 2 years from the date the Covered Person directly or indirectly in any capacity whatsoever has finally and completely ceased to occupy a position, perform functions or maintain a relationship that would cause them to be classified as a Covered Person.

3.2 For a period of 2 years after the Effective Date of Termination or Expiration of the last Franchise Agreement between Franchisee and Company (if Franchisee and Company are, or become, parties to more than one Franchise Agreement), or after an Event of Transfer that results in Franchisee selling and assigning all of its contractual rights concerning all Franchise Businesses for which Franchisee owns a franchise, each Covered Person agrees that they shall not, directly or indirectly, own, engage in or render services to, either as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any Competitive Business that is located within 5 miles of the Approved Location or any other THE YARD GYM fitness facility anywhere in the world that is open for business on or after the Effective Date of Termination or Expiration of this Non-Competition Agreement or the effective date of an Event of Transfer. The restrictions stated in this Section shall not apply to a Covered Person after 2 years from the date the Covered Person directly or indirectly in any capacity whatsoever has finally and completely ceased to occupy a position, perform functions or maintain a relationship that would cause them to be classified as a Covered Person.

3.3 The provisions of this Section shall apply forever, surviving the expiration or termination of all contracts between Company and Franchisee.

3.4 This Non-Competition Agreement does not prohibit a Covered Person from owning 5% or less of the voting stock of a Competitive Business whose shares are publicly traded on a national or foreign stock exchange.

3.5 If any provision in this Section is void or unenforceable under California law, but would be enforceable as written or as modified under the laws of any state having jurisdiction over the undersigned as a Covered

Person (the "**Local Laws**"), the parties agree that the Local Laws shall govern any dispute concerning or involving the construction, interpretation, validity or enforcement of the provisions of this Non-Competition Agreement regarding competition, but only with respect to the subjects covered in this Section.

3.6 The parties acknowledge that a Covered Person may engage in any activities not expressly prohibited by this Non-Competition Agreement. However, in connection with permitted activities, a Covered Person shall not (i) use any Confidential Information or any of the Licensed Marks or attributes of the System; (ii) engage in any conduct or activity which suggests or implies that Company endorses, or authorizes, the Covered Person's activities; (iii) induce any person to engage in conduct prohibited by this Non-Competition Agreement; or (iv) divert customers away from a THE YARD GYM fitness facility.

3.7 The undersigned Covered Person agrees not to, directly or indirectly, for themself or on behalf of any other person, divert or attempt to divert, any business or customer of the Franchise Business or any other Network Member's business to any competitor by direct or indirect inducement or perform any act which directly or indirectly could, or may, injure or prejudice the goodwill and reputation of the Licensed Marks.

4. CONFIDENTIALITY AGREEMENT

This Section 4 shall apply to all Signatories to this Consolidated Agreement:

4.1 The undersigned agrees not to disclose, duplicate, sell, reveal, divulge, publish, furnish or communicate, either directly or indirectly, any Confidential Information that the undersigned learns or discovers to any other person, firm or entity, unless authorized in writing by Company.

4.2 The undersigned agrees not to use any Confidential Information for their own personal gain or to further the purposes of others, whether or not the Confidential Information has been conceived, originated, discovered or developed, in whole or in part, by the undersigned or represents the undersigned's work product. To the extent the undersigned has assisted in the preparation of anything Company considers Confidential Information or has prepared or created such information by himself or herself, the undersigned hereby assigns any rights that he or she may have in such information as creator to Company, including all ideas made or conceived by the undersigned.

4.3 The undersigned acknowledges that the use, publication or duplication of the Confidential Information for any purpose not authorized by this Confidentiality Agreement constitutes an unfair method of competition by the undersigned.

4.4 The provisions of this Section shall apply forever, surviving the expiration or termination of all contracts between Company and Franchisee.

4.5 The provisions concerning non-disclosure of Confidential Information shall not apply if disclosure of Confidential Information is legally compelled in a judicial or administrative proceeding, provided the undersigned shall have used its best efforts, and shall have afforded Company the opportunity, to obtain an appropriate protective order or other assurance satisfactory to Company of confidential treatment for the information required to be disclosed.

4.6 The parties agree that Confidential Information does not include (i) information that Franchisee can demonstrate lawfully came to its attention independent of entering into this Confidentiality Agreement and not as a result of Franchisee's wrongful disclosure (whether or not deliberate or inadvertent), or (ii) information that Company agrees is, or has become, generally known in the public domain, except where public knowledge is the result of wrongful disclosure by the undersigned or any other person on behalf of the undersigned, whether or not the wrongful disclosure is deliberate or inadvertent.

4.7 Upon expiration or termination of the Franchise Agreement, the undersigned shall surrender to Franchisee, or, if directed by Company, directly to Company, all materials in the possession of the undersigned relating or concerning any Confidential Information. The undersigned expressly acknowledges that such materials shall be and remain the sole property of Company.

5. GENERAL TERMS AND CONDITIONS

This Section 5 shall apply to all Signatories to this Consolidated Agreement:

5.1 This Consolidated Agreement shall survive termination or expiration of the Franchise Agreement.

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

5.3 Each Signatory shall notify Company immediately of any changes in its contact information shown below its signature so that Company has current contact information for a Signatory for as long as this Consolidated Agreement is in effect.

5.4 California law will govern the construction, interpretation, validity and enforcement of this Consolidated Agreement. Any dispute arising out of this Consolidated Agreement shall be resolved in court according to the "**Judicial Relief**" dispute resolution provisions in the Franchise Agreement and the parties incorporate those provisions by this reference except that the parties shall not submit disputes that arise out of this Consolidated Agreement to non-binding mediation.

5.5 In any action or proceeding brought to enforce or interpret any provision of this Consolidated, the prevailing party shall be entitled to recover against the other its reasonable attorneys' fees and court costs in addition to any other relief awarded by the court. As used in this Consolidated Agreement, the "prevailing party" is the party who recovers greater relief in the action.

5.6 The undersigned Signatories each acknowledge and agree that Company will suffer irreparable injury not capable of precise measurement in monetary damages if a Signatory discloses or misuses any Confidential Information or breaches the other covenants set forth in this Consolidated Agreement that apply to the Signatory. Accordingly, in the event of a breach of this Consolidated Agreement by any Signatory, all Signatories consent to entry of Provisional Remedies and any other equitable relief which the court deems necessary in order to prevent irreparable injury, all without the requirement that bond be posted. Each Signatory agrees that the award of equitable remedies to Company in the event of their breach or the breach of this Consolidated Agreement by another Signatory is reasonable and necessary for the protection of the business and goodwill of Company.

5.7 Wherever possible, each provision of this Consolidated Agreement shall be interpreted in a manner as to be valid under Applicable Law, but if any provision of this Consolidated Agreement shall be invalid or prohibited thereunder, the provision shall be ineffective only to the extent of the prohibition or invalidity without invalidating the remainder of this Consolidated Agreement.

5.8 Any waiver granted to any Signatory by Company excusing or reducing any obligation or restriction imposed under this Consolidated Agreement shall be evidenced by a writing executed by Company in order to be effective and shall only be effective to the extent specifically allowed in such writing and only as to the particular Signatory for whom the waiver is granted. No waiver granted by Company shall constitute a continuing waiver. No waiver granted by Company shall limit Company's right to take action of any kind, or not to take action with respect to a Signatory. Any waiver granted by Company shall be without prejudice to any other rights Company may have. The rights and remedies granted to Company are cumulative. No delay on the part of Company in exercising any right or remedy shall preclude Company from fully exercising such right or remedy or any other right or remedy.

5.9 This Consolidated Agreement sets forth the entire agreement made by each Signatory pertaining to the subject matter hereof, fully superseding any and all prior agreements or understandings that may exist between the Signatory and Company pertaining to such subject matter.

5.10 No amendment, change, modification or variance to or from the terms and conditions set forth in this Consolidated Agreement shall be binding on a Signatory unless it is set forth in writing and duly executed by the Signatory and Company.

5.11 This Consolidated Agreement shall be binding on each Signatory's personal representatives, heirs, executors, successors and assigns as though originally executed by such persons.

5.12 Each Signatory agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform the terms, provisions and conditions of this Consolidated Agreement.

IN WITNESS WHEREOF, each Signatory has caused this Consolidated Agreement to be duly executed as of the date first written above.

SIGNATORY:

_____

Name: _____

Address: _____

_____

_____

Telephone: _____

Email: _____

_____

Name: _____

Address: _____

_____

_____

Telephone: _____

Email: _____

(*Signatures continue on following page*)

By the signature below, Franchisee hereby represents that the information in this Consolidated Agreement (including on the attached Schedule 1) is true and correct as of the Effective Date:

_____

By: _____

Its: _____

Print Name and Title of Person Signing for Franchisee:

_____

Address: _____

_____

_____

Telephone: _____

Email: _____

Schedule 1

Individuals Who are Signatories to Consolidated Agreement:

Name	Covered Person	Executive Management	Equity Holder
	☐	☐	☐
	☐	☐	☐
	☐	☐	☐
	☐	☐	☐

SCHEDULE C

SPOUSAL CONSENT

Each of the undersigned is a spouse of an Equity Holder who has executed a Personal Guaranty of the obligations of the party named in **Section 2** of the **Commercial Addendum**, the Franchisee under that certain Franchise Agreement dated on the date set out in **Section 1** of the **Commercial Addendum** ("**Franchise Agreement**") by and between TYG Enterprises, LLC ("**Company**") and Franchisee.

I hereby give my consent to my spouse's execution of the Personal Guaranty, and I agree that the actions and the obligations undertaken by my spouse under the referenced contract(s) shall be binding on the marital community and any interest I may have in any rights granted to my spouse.

I declare that I have had the opportunity to request a copy of, and fully and carefully read, the Franchise Agreement, Personal Guaranty, or both, depending on the box or boxes that I have marked off, and have furthermore had the opportunity to seek the advice of independent counsel with respect to this Consent.

Spouse 1

Signature of Spouse: _____

Print Name: _____

Spouse of: _____

Dated: _____

Spouse 2

Signature of Spouse: _____

Print Name: _____

Spouse of: _____

Dated: _____

SCHEDULE D

ADDENDUM TO LEASE ("ADDENDUM")

BY AND BETWEEN

_____ ("**Landlord**") and

_____ ("**Tenant or Franchisee**")

RE: LEASE ASSUMPTION RIGHTS
OF TYG ENTERPRISES, LLC ("Company")

WHEREAS, Company and Tenant are parties to a certain Franchise Agreement dated _____ (the "**Franchise Agreement**") pursuant to which Company has granted Franchisee a franchise and license to use THE YARD GYM System including the Licensed Marks to operate a THE YARD GYM fitness facility at a specific Approved Location ("**Franchised Gym**") on the terms and conditions stated in the Franchise Agreement; and

WHEREAS, Company has approved Franchisee's request to locate the Franchised Gym in certain premises ("**Premises**") owned by Landlord which is the subject of the Lease ("**Lease**") attached as **Attachment A** to this Addendum on the condition that all of the conditions and agreements set forth in this Addendum are made a part of the Lease.

WHEREAS, as a condition to Company's approval of the Premises as the Approved Location for the operation of a Franchised Gym under the Franchise Agreement, Franchisee must obtain the landlord's agreement to execute this Addendum.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Landlord, Company and Franchisee each agree to the following terms and conditions as of the effective date of this Addendum shown above their signatures:

Section 1. Definitions. Any capitalized term which is not expressly defined in this Addendum shall have the same meaning assigned to the term in the Franchise Agreement. The parties hereby incorporate these definitions by reference into this Addendum. Landlord acknowledges that it has had the opportunity to request a copy of the Franchise Agreement before executing this Addendum so that it may become familiar with the definitions incorporated into this Addendum.

Section 2. Assignment of Lease. Franchisee irrevocably assigns and transfers to Company all of Franchisee's right, title, and interest in and to the Lease and all options contained in the Lease. Franchisee acknowledges and agrees that this assignment is a condition of the award of franchise rights in the Franchise Agreement and Franchisee may not revoke this assignment without the prior written consent of Company and any attempt by Franchisee to revoke this assignment or challenge or deny its existence shall constitute a material breach of the Franchise Agreement. The parties acknowledge that unless and until Company accepts the assignment from Franchisee, Company has no obligations, liabilities, or responsibilities under the Lease of any kind, including as a guarantor or indemnitor of Tenant's obligations to Landlord. Company's signature below does not constitute Company's acceptance of the assignment of the Lease or create or impose any obligations on Company to Landlord.

Section 3. Use of Premises. Franchisee may use the Premises solely for the operation of a THE YARD GYM fitness facility in accordance with the terms of the Lease. Landlord agrees that Company may enter the Premises at any time to inspect Franchisee's operations and engage in all activities expressly permitted by the Franchise Agreement.

Section 4. Default in Franchise Agreement. Franchisee's default under the Franchise Agreement for any reason shall automatically constitute an event of default under the Lease without the requirement of written notice of

default from Landlord. Franchisee may cure the default under the Lease only by curing the default under the Franchise Agreement in a timely manner.

Section 5. Notices to Company. Landlord shall serve Company with a copy of any notice of default, breach or termination of Lease at the same time it serves Franchisee with such notice.

Section 6. Incorporation by Reference. Landlord and Franchisee expressly incorporate the terms of this Addendum in, and make it part of, the Lease.

Section 7. Default by Franchisee. Landlord agrees not to terminate the Lease based on Franchisee's breach or default of the Lease unless and until it gives Company written notice identifying the breach or default and at least ten (10) days to cure the breach or default. If Company chooses not to cure the breach or default of the Lease, Landlord may terminate the Lease in the manner provided in the Lease, but shall have no remedy whatsoever against Company.

Section 8. Acceptance of Assignment by Company. Company may accept the assignment of the Lease at any time before the Lease terminates or expires if: (a) Company terminates the Franchise Agreement for any reason; or (b) Franchisee loses the right to occupy the Premises for any reason other than due to the expiration of the Lease or condemnation or destruction of the Premises on the terms stated in the Lease. To accept the assignment, Company must give written notice to Landlord and Franchisee. If Company accepts the assignment in accordance with this Section, from and after the date of acceptance all of the following shall apply:

a. Company shall have all of the right, title and interest that Franchisee has under the Lease;

b. If Company accepts the assignment without simultaneously terminating the Franchise Agreement, Franchisee shall be treated as Company's subtenant and shall occupy the Premises under a sublease from Company, which sublease shall be on the same terms and conditions of the Lease;

c. If Company accepts the assignment and simultaneously terminates the Franchise Agreement, Company may subsequently assign the Lease or sublease the Premises to a third party franchisee that Company designates to operate the Premises as a THE YARD GYM fitness facility under the terms of a written franchise agreement entered into by and between Company and the third party franchisee without having to obtain Landlord's prior written consent at the time Company awards the new franchise to the third party franchisee; and

d. Company shall be liable to perform only the obligations of Franchisee under the Lease arising from and after the date on which Company gives written notice to Landlord and Franchisee accepting the assignment. Company shall have no liability for obligations arising before the date on which Company give s written notice to Landlord and Franchisee accepting the assignment.

Section 9. Landlord's Agreements. In addition to agreements stated elsewhere in this Addendum, for the benefit of Company, Landlord agrees not to (i) accept Franchisee's voluntary surrender of the Lease without prior notice to Company, or (ii) amend the Lease without Company's prior written consent.

Section 10. Communications. Any notices required in this Addendum must be in writing and will be deemed given when actually delivered by personal delivery or 4 days after being sent by certified or registered mail, return receipt requested, if addressed in accordance with **Attachment B**. Any party may change its address for receiving notices by appropriate written notice to the other.

Section 11. Miscellaneous. Any waiver excusing or reducing any obligation imposed by this Addendum shall be in writing and executed by the party who is charged with making the waiver and shall be effective only to the extent specifically allowed in such writing. The language used in this Addendum shall in all cases be construed simply according to its fair meaning and not strictly for or against any party. Nothing in this Addendum is intended, nor shall it be deemed, to confer any rights or remedies upon any person or entity not a party to this Addendum. This Addendum shall be binding upon, and shall inure to the benefit of, the successors, assigns, heirs, and personal representatives of the parties to this Addendum. This Addendum sets forth the entire agreement with regard to the rights of Company,

fully superseding any and all prior agreements or understandings between the parties pertaining to the subject matter of this Addendum. This Addendum may only be amended by written agreement duly executed by each party.

Section 12. WAIVER OF JURY TRIAL. LANDLORD, TENANT AND COMPANY HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, COUNTERCLAIM, OR CROSS-COMPLAINT IN ANY ACTION, PROCEEDING AND/OR HEARING BROUGHT BY EITHER LANDLORD, TENANT OR COMPANY ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS ADDENDUM, THE RELATIONSHIP OF LANDLORD, TENANT AND COMPANY, THE USE OR OCCUPANCY OF THE PREMISES, OR ANY CLAIM OR INJURY OR DAMAGE, OR THE ENFORCEMENT OF ANY REMEDY UNDER ANY LAW, STATUTE, REGULATION, EMERGENCY OR OTHERWISE NOW OR HEREAFTER IN EFFECT.

Section 13. Further Assurances. Each party agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform the terms, provisions and conditions of this Addendum.

Section 14. Electronic Signatures. The parties accept the use of an electronic signature in lieu of a manual signature and agree that an electronic signature will be binding on a party to the same extent as if the party signed this Agreement manually.

Section 15. Confidentiality and Public Announcements. In addition to provisions regarding Confidential Information, the parties agree that no public announcement or any other disclosure regarding the existence or terms of this Agreement, the names or any other identifying information regarding the parties or any individual member or owner of a party, or the nature of the parties' negotiations shall be disclosed in any way or made public unless the other party gives its prior written consent or if disclosure is required by Applicable Law.

IN WITNESS WHEREOF, this Addendum is made and entered into by the parties with an effective date of _____, _____.

Company:

TYG ENTERPRISES, LLC

By: _____

Name: _____

Title:

Landlord:

_____

By: _____

Name: _____

Title:

Franchisee:

[NAME OF FRANCHISEE BUSINESS ENTITY]

By: _____

Name: _____

Title:

SCHEDULE E

STATE ADDENDA

California
Indiana
Maryland
Minnesota
New York
North Dakota
Rhode Island
South Dakota
Washington

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA

This **ADDENDUM TO FRANCHISE AGREEMENT** ("**Addendum**") entered into on the date set out in **Section 1** of the **Commercial Addendum** by and between **TYG ENTERPRISES, LLC** ("**Company**", "**we**", "**our**" or "**us**") and the party named in **Section 2** of the **Commercial Addendum** ("**Franchisee**"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the State of California or a non-resident that is acquiring a license to operate a THE YARD GYM fitness facility under the System in a designated geographic area in the State of California.

B. Company and Franchisee mutually desire to amend the Franchise Agreement in order to comply with the requirements of California law.

C. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by us, we agree as follows:

1. The above recitals are incorporated and made a part of this Addendum.

2. With respect to any provision contained in (a) the Franchise Agreement; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the California Franchise Investment Law (California Corporations Code §§31000-31516), the provision will be deleted and will be of no force or effect.

3. Upon the termination or non-renewal of the Franchise Agreement, if Company is required by Section 20022 of the California Business and Professions Code to purchase inventory, supplies, equipment, fixtures, and furnishings from Franchisee, Company may offset any amounts Franchisee then owes Company against the amount owed by Company to Franchisee in connection with that purchase, provided that Franchisee agrees to the amount owed to Company or Company has obtained a final adjudication of the amount owed by Franchisee.

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

5. The Franchise Agreement shall be given full force and effect as amended by this Addendum.

[Signature Page Follows]

IN WITNESS WHEREOF parties have executed this Addendum on the date first above written.

COMPANY:	FRANCHISEE:
TYG ENTERPRISES, LLC, a Delaware limited liability company	The party named in **Section 2** of the **Commercial Addendum**
By: _____	By: _____
Name: Daniel Bova	Name: _____
Its: Chief Executive Officer	Its: _____

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF INDIANA

This **ADDENDUM TO FRANCHISE AGREEMENT** ("**Addendum**") is made and entered into on the date set out in **Section 1** of the **Commercial Addendum** by and between **TYG ENTERPRISES, LLC** ("**Company**", "**we**", "**our**" or "**us**") and the party named in **Section 2** of the **Commercial Addendum** ("**Franchisee**"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the State of Indiana or a non-resident who is acquiring a THE YARD GYM fitness facility franchise for a location or territory in the state of Indiana.

B. The parties enter into this Addendum simultaneous with their execution of that certain Franchise Agreement of even date. The purpose of this Addendum is to amend the Franchise Agreement in order to conform the Franchise Agreement to the requirements of the Indiana Deceptive Franchise Practices Law, Indiana Code §23-2-2.7-1 to –7 (the "Law").

C. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated and made a part of this Addendum.

2. The parties expressly agree that to the extent the Franchise Agreement conflicts with the Law, the parties hereby amend the Franchise Agreement to the extent necessary to cause the Franchise Agreement to conform with the Law.

3. Without limiting the scope of Paragraph 2, the parties expressly agree that (i) no general release given by Franchisee shall operate to release, assign, waive or extinguish any liability arising under the Law; (ii) no provision in the Franchise Agreement shall limit Franchisee's right to sue in court for violations of the Law; (iii) no provision in the Franchise Agreement that is intended to prevent Franchisee from relying on any statement or representation made to Franchisee before Franchisee signs the Franchise Agreement shall be applied, or extend, to statements contained in the Franchise Disclosure Document delivered to Franchisee prior to Franchisee's execution of the Franchise Agreement; (iv) the choice of California law as the Franchise Agreement's governing law shall not prevent the Law from applying to any claims arising under the Law; and (v) the venue provisions in the Franchise Agreement shall not apply to claims arising under the Law to the extent the venue provisions are inconsistent with the Law.

4. Notwithstanding anything to the contrary contained in the Franchise Agreement, Franchisee shall have no duty to indemnify Company for any liability that Company may sustain as a result of Franchisee's proper reliance on or use of any of the procedures or materials furnished by Company or for liability solely attributable to Company's negligence.

5. With respect to any provision contained in (a) the Franchise Agreement; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the Act, the provision will be deleted and will be of no force or effect.

6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement

made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. This Addendum shall be effective only to the extent that the jurisdictional requirements of the Law are met independently of and without reference to this Addendum. This Addendum shall have no effect if the jurisdictional requirements of the Act are not met.

8. The Franchise Agreement shall be given full force and effect as amended by this Addendum.

IN WITNESS WHEREOF, the parties have executed this Addendum on the date first above written.

COMPANY:	FRANCHISEE:
TYG ENTERPRISES, LLC, a Delaware limited liability company	The party named in **Section 2** of the **Commercial Addendum**
By: _____	By: _____
Name: Daniel Bova	Name: _____
Its: Chief Executive Officer	Its: _____

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND

This **ADDENDUM TO FRANCHISE AGREEMENT** ("**Addendum**") is made and entered into on the date set out in **Section 1** of the **Commercial Addendum** by and between **TYG ENTERPRISES, LLC** ("**Company**", "**we**", "**our**" or "**us**") and the party named in **Section 2** of the **Commercial Addendum** ("**Franchisee**"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the State of Maryland or a non-resident who is acquiring a THE YARD GYM fitness facility franchise for a location or territory in the state of Maryland.

B. The parties enter into this Addendum simultaneous with their execution of that certain Franchise Agreement of even date. The purpose of this Addendum is to amend the Franchise Agreement in order to conform the Franchise Agreement to the requirements of the Maryland Franchise Registration and Disclosure Law (the "Law").

C. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated and made a part of this Addendum.

2. The parties acknowledge that the Law prohibits a franchisor from requiring a franchisee to agree to any release, estoppel or waiver of liability or claims arising under the Law as a condition of purchasing, selling, renewing or assigning a franchise that is subject to the Law. The parties agree that no provision in the Franchise Agreement is intended to be, nor shall any provision act as, a release, estoppel or waiver of any liability or claims under the Law. The parties amend the Franchise Agreement to the extent necessary to conform the Franchise Agreement to the requirements of the Law. The parties agree that any release given by Franchisee as a condition of renewal, sale or assignment of the franchise shall not constitute a release, estoppel or waiver of liability or claims under the Law. No representation made by Franchisee in the Franchise Agreement is intended to, nor shall it act as, a release, estoppel or waiver of any liability incurred under the Law.

3. The parties delete Sections 21.1, 21.2 and 21.4. of the Franchise Agreement.

4. The provisions in the Franchise Agreement that provide for termination upon Franchisee's bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

5. The parties amend the Franchise Agreement to clarify that claims arising under the Law must be brought within three years from the Effective Date of the Franchise Agreement. Therefore, any provision in the Franchise Agreement that limits the time period for the parties to bringing a claim shall not act to reduce the period of time that the Law affords to a franchisee to bring a claim for violation of the Law.

6. Each provision in the Franchise Agreement establishing venue for litigation outside of Maryland is void with respect to a cause of action that is otherwise enforceable in Maryland. As to causes of action enforceable in Maryland, venue shall be in Maryland.

7. With respect to any provision contained in (a) the Franchise Agreement; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the Law, the provision will be deleted and will be of no force or effect.

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

9. This Addendum shall be effective only to the extent that the jurisdictional requirements of the Law are met independently of and without reference to this Addendum. This Addendum shall have no effect if the jurisdictional requirements of the Law are not met.

10. The Franchise Agreement shall be given full force and effect as amended by this Addendum.

IN WITNESS WHEREOF, the parties have executed this Addendum on the date first above written.

COMPANY:	FRANCHISEE:
TYG ENTERPRISES, LLC, a Delaware limited liability company	The party named in **Section 2** of the **Commercial Addendum**
By: _____	By: _____
Name: Daniel Bova	Name: _____
Its: Chief Executive Officer	Its: _____

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA

This **ADDENDUM TO FRANCHISE AGREEMENT** ("**Addendum**") is made and entered into on the date set out in **Section 1** of the **Commercial Addendum** by and between **TYG ENTERPRISES, LLC** ("**Company**", "**we**", "**our**" or "**us**") and the party named in **Section 2** of the **Commercial Addendum** ("**Franchisee**"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the state of Minnesota or a non-resident who is acquiring a THE YARD GYM fitness facility franchise for a location or territory in the state of Minnesota.

B. The parties enter into this Addendum simultaneous with their execution of that certain Franchise Agreement of even date. The purpose of this Addendum is to amend the Franchise Agreement in order to conform the Franchise Agreement to the requirements of the Minnesota Franchise Act (Minn. Stat. Sections 80C.01 to 80C.22) and the rules promulgated thereunder (the "Minnesota Act").

C. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated and made a part of this Addendum.

2. The parties agree that any provision in the Franchise Agreement that requires Franchisee to provide Company with a general release in violation of Minnesota law is illegal and of no force or effect.

3. The parties agree that if any provision in the Franchise Agreement requires venue for litigation to be in a state other than Minnesota, declares that the laws of a state other than Minnesota shall govern the Franchise Agreement, or requires Franchisee to waive its right to a jury trial, the applicable provision shall be amended to add the following:

> "Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, prohibit Company from requiring litigation to be conducted outside of Minnesota. In addition, nothing in this Agreement shall in any way abrogate or reduce any rights of Franchisee under Minnesota Statutes, Chapter 80C, or require Franchisee to waive his or her right to a jury trial, or require Franchisee to waive any other rights to any procedure, forum or remedies provided for by Minnesota law."

4. The parties agree that if any provision in the Franchise Agreement contains procedures for terminating the Franchise Agreement that are inconsistent with the Minnesota Act, the applicable provision shall be amended to add the following:

> "Provided, however, with respect to franchises governed by Minnesota law, Company agrees to comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which, as of the date of this Agreement, requires, except in certain specified cases, that Company give Franchisee a minimum of 90 days' notice of termination (with a minimum of 60 days to cure) and a minimum of 180 days' notice for non-renewal of the franchise agreement."

5. The parties agree that any provision of the Franchise Agreement that requires Franchisee to consent to Company's obtaining injunctive relief is hereby modified to provide that, pursuant to Minn. Rule

2860.4400J, Franchisee cannot give such consent; provided, however, nothing herein shall prevent Company from applying to a forum for injunctive relief.

6. If any provision in the Franchise Agreement contains a limitations period for bringing claims against Company that is shorter than the limitations period provided under the Minnesota Act, the applicable provision is amended to conform to the Minnesota Act.

7. To the extent required by the Minnesota Act, Company shall indemnify Franchisee from any loss, costs or expenses that Franchisee might incur arising out of a third-party challenge to Franchisee's authorized use of the Licensed Marks.

8. This Addendum does not act as a release or waiver by the Franchisee of any provision of the Minnesota Act that is omitted, misstated, or whose effect is misconstrued herein.

9. With respect to any provision contained in (a) the Franchise Agreement; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the Minnesota Act, the provision will be deleted and will be of no force or effect.

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

11. Minnesota Rules 2860.4400(K) prohibits a franchisor from requiring a security deposit except for the purpose of securing against damage to property, equipment, inventory, or leaseholds. Therefore, the parties delete the requirement that Franchisee pay a refundable Security Deposit of $5,000 for the purposes expressed in the Franchise Agreement.

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

13. This Addendum shall be effective only to the extent that the jurisdictional requirements of the Minnesota Act are met independently of and without reference to this Addendum. This Addendum shall have no effect if the jurisdictional requirements of the Minnesota Act are not met.

14. The Franchise Agreement shall be given full force and effect as amended by this Addendum.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Addendum on the date first above written.

COMPANY:	FRANCHISEE:
TYG ENTERPRISES, LLC, a Delaware limited liability company	The party named in **Section 2** of the **Commercial Addendum**
By: _____	By: _____
Name: Daniel Bova	Name: _____
Its: Chief Executive Officer	Its: _____

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK

This **ADDENDUM TO FRANCHISE AGREEMENT** ("**Addendum**") is made and entered into on the date set out in **Section 1** of the **Commercial Addendum** by and between **TYG ENTERPRISES, LLC** ("**Company**", "**we**", "**our**" or "**us**") and the party named in **Section 2** of the **Commercial Addendum** ("**Franchisee**"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the state of New York or a non-resident who is acquiring a THE YARD GYM fitness facility franchise for a location or territory in the State of New York.

B. The parties enter into this Addendum simultaneous with their execution of that certain Franchise Agreement of even date. The purpose of this Addendum is to amend the Franchise Agreement in order to conform the Franchise Agreement to the requirements of New York's General Business Law (NY Gen. Bus. §680 et seq.) (Consol. 2001) (the "Law").

C. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated and made part of this Addendum.

2. With respect to any provision contained in (a) the Franchise Contracts; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the Law, the provision will be deleted and will be of no force or effect.

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

4. This Addendum shall be effective only to the extent that the jurisdictional requirements of the Law are met independently of and without reference to this Addendum. This Addendum shall have no effect if the jurisdictional requirements of Law are not met.

5. The Franchise Agreement shall be given full force and effect as amended by this Addendum.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have executed this Addendum on the date first above written.

COMPANY:	FRANCHISEE:
TYG ENTERPRISES, LLC, a Delaware limited liability company	The party named in **Section 2** of the **Commercial Addendum**
By: _____	By: _____
Name: Daniel Bova	Name: _____
Its: Chief Executive Officer	Its: _____

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA

This **ADDENDUM TO FRANCHISE AGREEMENT** ("**Addendum**") is made and entered into on the date set out in **Section 1** of the **Commercial Addendum** by and between **TYG ENTERPRISES, LLC** ("**Company**", "**we**", "**our**" or "**us**") and the party named in **Section 2** of the **Commercial Addendum** ("**Franchisee**"), subject to the following recitals:

R E C I T A L S

D. Franchisee is a resident of the state of North Dakota or a non-resident who is acquiring a THE YARD GYM fitness facility franchise for a location or territory in the State of North Dakota.

E. The parties enter into this Addendum simultaneous with their execution of that certain Franchise Agreement of even date. The purpose of this Addendum is to amend the Franchise Agreement in order to conform the Franchise Agreement to the requirements of the North Dakota Franchise Investment Law (the "Law").

F. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated and made part of this Addendum.

2. The North Dakota Franchise Investment Law (the "Law") identifies certain practices as being unfair, unjust, or inequitable to franchisees. The parties hereby amend the Franchise Agreement in the following respects in order to comply with the requirements of the Law:

(i) To the extent that the covenants in the Franchise Agreement pertaining to a Competitive Business restrict competition in a manner contrary to the North Dakota Century Code Section 9-08-06, they may not be enforceable. A covenant not to compete that applies after the Franchise Agreement ends for any reason may be unenforceable in the State of North Dakota.

(ii) Any provision in the Franchise Agreement that requires Franchisee to mediate a dispute with Company at a location outside of North Dakota is not enforceable. Any mediation proceeding must be conducted at a mutually acceptable location in North Dakota.

(iii) Any provision in the Franchise Agreement that requires Franchisee to consent to the jurisdiction of courts outside of North Dakota is not enforceable. The parties each agree to file an action arising out of the Franchise Agreement in the courts located in North Dakota with the understanding, however, that either party may apply to any court with jurisdiction for equitable or interim relief.

(iv) The Franchise Agreement shall be governed by and construed in accordance with the laws of the State of North Dakota to the extent required by the Law.

(v) Any provision in the Franchise Agreement that requires Franchisee to waive the right to a jury trial or the right to collect exemplary or punitive damages is not enforceable under the Law.

(vi) Any provision in the Franchise Agreement that requires Franchisee to pay all of Company's costs and expenses to enforce the Franchise Agreement is not enforceable. However, the Franchise Agreement provision that awards attorney's fees to the prevailing party is enforceable.

(vii) Any provision in the Franchise Agreement that requires Franchisee to consent to a limitations period for bringing claims against Company is not enforceable and the statute of limitations under the Law shall apply to claims arising under the Franchise Agreement.

(viii) Any provision in the Franchise Agreement that requires Franchisee to execute a general release in violation of the Law is not enforceable. However, you acknowledge that Company may, in its sole discretion, modify this requirement and require that Franchisee and Company execute a mutual general release of claims.

(ix) Any provision in the Franchise Agreement that requires Franchisee to consent to liquidated damages or termination penalties is not enforceable.

3. With respect to any provision contained in (a) the Franchise Contracts; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the Law, the provision will be deleted and will be of no force or effect.

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

5. This Addendum shall be effective only to the extent that the jurisdictional requirements of the Law are met independently of and without reference to this Addendum. This Addendum shall have no effect if the jurisdictional requirements of Law are not met.

6. The Franchise Agreement shall be given full force and effect as amended by this Addendum.

IN WITNESS WHEREOF, the parties have executed this Addendum on the date first above written.

COMPANY:	FRANCHISEE:
TYG ENTERPRISES, LLC, a Delaware limited liability company	The party named in **Section 2** of the **Commercial Addendum**
By: _____	By: _____
Name: Daniel Bova	Name: _____
Its: Chief Executive Officer	Its: _____

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF RHODE ISLAND

This **ADDENDUM TO FRANCHISE AGREEMENT** ("**Addendum**") is made and entered into on the date set out in **Section 1** of the **Commercial Addendum** by and between **TYG ENTERPRISES, LLC** ("**Company**", "**we**", "**our**" or "**us**") and the party named in **Section 2** of the **Commercial Addendum** ("**Franchisee**"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the state of Rhode Island or a non-resident who is acquiring a THE YARD GYM fitness facility franchise for a location or territory in the state of Rhode Island.

B. The parties enter into this Addendum simultaneous with their execution of that certain Franchise Agreement of even date. The purpose of this Addendum is to amend the Franchise Agreement in order to conform the Franchise Agreement to the requirements of the Rhode Island Franchise Investment Act (the "Act").

C. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated and made part of this Addendum.

2. The Act at Section 19-28.1-14 provides that "a provision in a franchise agreement restricting jurisdiction or venue for litigation to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." To the extent that any provision in the Franchise Agreement is inconsistent with the Act, the provisions of the Act shall control. This provision shall not modify the parties' agreement to mediate disputes at Company's headquarters at the time that a party initiates the mediation.

3. Rhode Island law shall be applied to, and govern, any claim that alleges violation of the Act.

4. With respect to any provision contained in (a) the Franchise Agreement; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the Act, the provision will be deleted and will be of no force or effect.

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

6. This Addendum shall be effective only to the extent that the jurisdictional requirements of the Act are met independently of and without reference to this Addendum. This Addendum shall have no effect if the jurisdictional requirements of the Act are not met.

7. The Franchise Agreement shall be given full force and effect as amended by this Addendum.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Addendum on the date first above written.

COMPANY:	FRANCHISEE:
TYG ENTERPRISES, LLC, a Delaware limited liability company	The party named in **Section 2** of the **Commercial Addendum**
By: _____	By: _____
Name: Daniel Bova	Name: _____
Its: Chief Executive Officer	Its: _____

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF SOUTH DAKOTA

This **ADDENDUM TO FRANCHISE AGREEMENT** ("**Addendum**") is made and entered into on the date set out in **Section 1** of the **Commercial Addendum** by and between **TYG ENTERPRISES, LLC** ("**Company**", "**we**", "**our**" or "**us**") and the party named in **Section 2** of the **Commercial Addendum** ("**Franchisee**"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the state of South Dakota or a non-resident who is acquiring a THE YARD GYM fitness facility franchise for a location or territory in the state of South Dakota.

B. The parties enter into this Addendum simultaneous with their execution of that certain Franchise Agreement of even date. The purpose of this Addendum is to amend the Franchise Agreement in order to conform the Franchise Agreement to the requirements of South Dakota's Franchises for Brand-Name Goods and Services Law (S.D. Codified Laws §37-5B (2008)) ("South Dakota Law").

C. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated and made part of this Addendum.

2. The parties acknowledge and agree that:

a. Notwithstanding anything to the contrary in the Franchise Agreement, the law regarding franchise registration, employment, covenants not to compete, and other matters of local concern shall be governed by the laws of the State of South Dakota.

b. You are not required to submit to a venue or forum outside of the State of South Dakota for any claims that you may have against us under the South Dakota Law.

3. With respect to any provision contained in (a) the Franchise Agreement; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the South Dakota Law, the provision will be deleted and will be of no force or effect.

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

5. This Addendum is effective only to the extent that the jurisdictional requirements of the South Dakota Law are met independent of and without reference to this Addendum. This Addendum will have no effect if the jurisdictional requirements of the South Dakota Law are not met.

6. The Franchise Agreement shall be given full force and effect as amended by this Addendum.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Addendum on the date first above written.

COMPANY:	FRANCHISEE:
TYG ENTERPRISES, LLC, a Delaware limited liability company	The party named in **Section 2** of the **Commercial Addendum**
By: _____	By: _____
Name: Daniel Bova	Name: _____
Its: Chief Executive Officer	Its: _____

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF WASHINGTON

This **ADDENDUM TO FRANCHISE AGREEMENT** ("**Addendum**") is made and entered into on the date set out in **Section 1** of the **Commercial Addendum** by and between **TYG ENTERPRISES, LLC** ("**Company**", "**we**", "**our**" or "**us**") and the party named in **Section 2** of the **Commercial Addendum** ("**Franchisee**"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the state of Washington or a non-resident acquiring a THE YARD GYM fitness facility franchise for a location or territory in the state of Washington, or has accepted, in Washington, an offer of a franchise from Company.

B. The parties enter into this Addendum simultaneous with their execution of that certain Franchise Agreement of even date. The purpose of this Addendum is to amend the Franchise Agreement in order to conform the Franchise Agreement to the requirements of the Washington Franchise Investment Protection Act (the "Act").

C. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated and made part of this Addendum.

2. To the extent that any provision in the Franchise Agreement is inconsistent with the Act, the provisions of the Act shall control. To the extent that the governing law provided for in the Franchise Agreement is inconsistent with the Act, the provisions of the Act shall prevail.

3. A release or waiver of rights executed by Franchisee shall not include a release or waiver of rights arising under the Act except when the release or waiver of rights is executed pursuant to a negotiated settlement agreement and provided that each party is represented by independent counsel.

4. To the extent that any provision in the Franchise Agreement unreasonably restricts or limits the statute of limitations period for claims arising under the Act, or reduces or limits Franchisee's rights or remedies under the Act, such as the right to a jury trial, the specific provision in the Franchise Agreement may not be enforceable under the Act.

5. Transfer fees payable in connection with an Event of Transfer under the Franchise Agreement shall be limited to Company's reasonable estimated or actual costs in approving and processing the Event of Transfer.

6. The Franchise Agreement requires that all disputes (with limited exceptions) be resolved first by non-binding mediation, and if that process does not result in resolution, by court proceeding (litigation). Mediation will be taking place either in a mutually agreed upon place in the state of Washington, or, if no mutual agreement, as determined by the mediator at the time of mediation. Litigation must be brought in the federal or state courts located closest to Company's headquarters at the time of the action is filed, except that any action or proceeding arising out of or in connection with the sale of a franchise or alleging a violation of the Washington Investment Protection Act may be brought in the federal or state courts in Washington.

7. Pursuant to Washington law (RCW 49.62.020), a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a

franchisee under Washington law (RCW 49.62.030) unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

8. The Franchise Agreement and the Non-Competition Agreement each include a restriction that applies to Franchisee and each Covered Person for a period of 2 years after (i) expiration or termination of the Franchise Agreement (or if Franchisee and Company are parties to more than one Franchise Agreement, after the last Franchise Agreement); and (ii) 2 years from the date that a Covered Person ceases to be an officer, director, shareholder, member, manager, trustee, owner, general partner, employee, or otherwise associated in any capacity with Franchisee. The parties amend this restriction to reduce the duration of the period from 2 years to 18 months.

9. Washington law (RCW 49.62.060) prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

10. Washington law (RCW 19.100.180) may supersede the provisions of the Franchise Agreement in the relationship between Company and Franchisee, including the areas of termination and renewal. There may also be decisions rendered by Washington state courts that may supersede the provisions of the Franchise Agreement including in the areas of termination and renewal of the franchise.

11. With respect to any provision contained in (a) the Franchise Agreement; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the Act, the provision will be deleted and will be of no force or effect.

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

13. Section 11.4(a) of the Franchise Agreement states: "Company and its Affiliate may change their prices and payment terms at any time on no less than 30 days' written notice and may receive a profit on their transactions with franchisees." Section 11.4(a) does not waive franchisee protections under RCW 19.100.180(2)(d) of the Act, which states that it is a violation of the Act for any person to "sell, rent, or offer to sell to a franchisee any product or service for more than a fair and reasonable price."

14. Franchisee's obligations to indemnify, reimburse, and hold Company harmless referenced in Section XVIII(B) of the Franchise Agreement do not extend to liabilities caused by Company's negligence, willful misconduct, strict liability, or fraud.

15. The parties amend the Liquidated Damages provision in Section 20.8 of the Franchise Agreement to reduce the measurement period from 36 Calendar Months to the shorter of (i) 24 Calendar Months following the date of termination; or (ii) the number of Calendar Months and any partial Calendar Month left in the Term after the Effective Date of Termination to the original expiration date of the Term.

16. The parties delete Sections 21.1, 21.2, 21.3.1, and 21.4 of the Franchise Agreement.

17. This Addendum shall be effective only to the extent that the jurisdictional requirements of the Act are met independently of and without reference to this Addendum. This Addendum shall have no effect if the jurisdictional requirements of the Act are not met.

18. The Franchise Agreement shall be given full force and effect as amended by this Addendum.

IN WITNESS WHEREOF, the parties have executed this Addendum on the date first above written.

COMPANY:	FRANCHISEE:
TYG ENTERPRISES, LLC, a Delaware limited liability company	The party named in **Section 2** of the **Commercial Addendum**
By: _____	By: _____
Name: Daniel Bova	Name: _____
Its: Chief Executive Officer	Its: _____

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF WISCONSIN

This ADDENDUM TO FRANCHISE AGREEMENT ("Addendum") is made and entered into on _____, _____ by and between TYG ENTERPRISES, LLC, a Delaware limited liability company ("Company") and _____ ("Franchisee"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the state of Wisconsin or a non-resident who is acquiring a THE YARD GYM fitness facility franchise for a location or territory in the state of Wisconsin.

B. The parties enter into this Addendum simultaneous with their execution of that certain Franchise Agreement of even date. The purpose of this Addendum is to amend the Franchise Agreement in order to conform the Franchise Agreement to the requirements of the Wisconsin Fair Dealership Law, Wis. Stats. Ch. 135, Sec. 32.06 et seq. (the "Law").

C. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated and made part of this Addendum.

2. The Law provides certain rights to franchisees, which extend to Franchisee. In particular, and without limitation, the Law prohibits the termination, cancellation, nonrenewal or substantial change of competitive circumstances (as defined by the Law and by case law) of a dealership or franchise agreement without good cause. The Law further provides that 90 days prior written notice of the proposed termination, cancellation, nonrenewal or substantial change of competitive circumstances must be given to the "dealer" as that term is defined by the Law. The Law allows the dealer 60 days to cure the deficiency and if the deficiency is cured, the notice is void. To the extent that the Law conflicts with any provision of the Franchise Agreement, the provisions of the Law shall control.

3. With respect to any provision contained in (a) the Franchise Contracts; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the Law, the provision will be deleted and will be of no force or effect.

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

[Continues on Next Page]

5. The Franchise Agreement shall be given full force and effect, as amended by this Addendum.

IN WITNESS WHEREOF, the parties have executed this Addendum on the date first above written.

COMPANY:	FRANCHISEE:
TYG ENTERPRISES, LLC, a Delaware limited liability company	The party named in **Section 2** of the **Commercial Addendum**
By: _____	By: _____
Name: Daniel Bova	Name: _____
Its: Chief Executive Officer	Its: _____

SCHEDULE F

CONVERSION ADDENDUM TO FRANCHISE AGREEMENT

This ADDENDUM TO FRANCHISE AGREEMENT ("Addendum") is made and entered into on the date set out in Section 1 of the Commercial Addendum by and between TYG ENTERPRISES, LLC ("Company") and the party named in Section 2 of the Commercial Addendum ("Franchisee"), subject to the following recitals:

R E C I T A L S

Company has approved Franchisee's application to acquire a THE YARD GYM franchise as a conversion applicant based upon Franchisee's demonstration to Company's reasonable satisfaction that Franchisee (i) has at least two years prior experience owning and operating a strength and conditioning at a location that Franchisee and Company mutually agree can be readily adapted by Franchisee to a Network Gym; and (ii) meets Company's financial and general background criteria as of the Effective Date of this Conversion Addendum. In approving Franchisee's application, Company notified Franchisee that Franchisee qualifies as a "Conversion Franchisee."

Based on a Conversion Franchisee's prior experience, Company is willing to extend a Conversion Franchisee's certain favorable terms that Company does not extend to a Network Member without the requisite prior experience.

Company and Franchisee are simultaneously entering into a certain Franchise Agreement (the "Franchise Agreement") on the Effective Date of this Conversion Addendum granting Franchise the right to use the System and Licensed Marks to operate a Franchised Gym at the Approved Location identified in the Franchise Agreement, and wish to modify the Franchise Agreement to reflect the terms offered to a Conversion Franchisee.

NOW, THEREFORE, the parties agree as follows:

1. DEFINITIONS. All capitalized terms used in this Conversion Addendum shall have the same meaning assigned to them in the Franchise Agreement. The parties incorporate the recitals into this Conversion Addendum to give them full force and effect.

2. REPRESENTATION. Franchisee's execution of this Agreement does not violate the terms of any contract to which Franchisee or any of its Equity Holders now is a party or to which it or they is still bound.

3. AMENDMENTS TO FRANCHISE AGREEMENT.

3.1. Initial Training Program. At Franchisee's request, Company will reduce the length of Business Operations Training and Coach Training as the parties may mutually agree based on the prior recent experience of Franchisee's Primary Owner and the management-level employee that Franchisee designates who will complete Business Operations Training with Franchisee before the Opening Date of the Franchised Gym under the Licensed Marks. Company will provide Franchisee with the same New Gym Opening Launch support that Company provides to other franchisees in the United States as of the Effective Date of this Conversion Addendum.

3.2. Initial Franchise Fee. The Initial Franchise Fee shall be 50% of the Initial Franchise Fee specified in the Franchise Agreement. Additionally, Franchisee shall be entitled to a progressive 5% discount off of 50% of the then-current Initial Franchise Fee if Company agrees to sell Franchisee an additional franchise on the same terms as the progressive discount extended to new Network Members (with a maximum discount of 20% off of the then-current Initial Franchise Agreement) even though, for the second or additional franchise, Franchisee will not be converting an existing fitness facility to a Franchised Gym and must identify a suitable location for the Approved Location of the second or additional franchise.

3.3. Other Fees. For the elimination of doubt, this Conversion Addendum does not modify any other provision in the Franchise Agreement requiring payment of initial or continuing fees.

3.4. Approved Location. The Approved Location will be the same location where Franchisee operated its strength and conditioning fitness facility before the Effective Date of this Conversion Addendum.

3.5. Conversion of Existing Physical Facilities and Other Property. Before Franchisee may commence business using the Licensed Marks, Franchisee shall, at Franchisee's sole expense, completely remodel the Approved Location to incorporate all of the current requirements applicable to new Network Gyms for trade dress, equipment, fixtures, furnishings and layout, purchase an equipment package from Company based on the size and configuration of the Approved Location, adopt the Computer System applicable to new Network Gyms, and purchase a reasonable quantity of current styles of Branded Retail Merchandise from Company as provided in the Franchise Agreement. For the elimination of doubt, status as a Conversion Franchisee does not modify Franchisee's obligation to adopt the same requirements of the System applicable to new Network Gyms. Franchisee shall remove, or destroy, any materials, signs or other distinctive features or designs formerly used by Franchisee at the Approved Location or suggesting Franchisee's affiliation (past or present) with another business other than the System. Franchisee may not commence doing business under the Licensed Marks until Franchisee demonstrates to Company's reasonable satisfaction that Franchisee has complete all conversion requirements. The "Opening Date" is the date that Franchisee commences doing business under the Licensed Marks.

3.6. Grand Opening Launch Fee and Ad Spend Fee. For the elimination of doubt, upon execution of the lease and Addendum to Lease, Franchisee shall pay Company: (a) a Grand Opening Launch Fee of $2,500 per 4 weeks (for Company's management of Franchisee's launch campaign); and (b) a separate Ad Spend Fee of $5,000 for every 4 weeks, which Company uses to purchase traditional and social media, and to respond to and manage queries from prospective customers concerning Franchisee's Gym to help Franchisee generate initial membership and class sales. Company will consult with Franchisee during the launch campaign period, but will retain authority to use the Ad Spend Fee in its discretion to publicize Franchisee's Gym to prospective customers in the Territory. Within 90 days after the Opening Date, Company will provide Franchisee with an accounting or access to an accounting showing Franchisee how Company used the Ad Spend Fees that Franchisee paid to Company for its launch campaign.

3.7. Addendum to Lease. Prior to the Opening Date, Franchisee shall execute and cause the landlord of the Approved Location to execute the form of Addendum to Lease delivered to Franchisee as an exhibit to the Franchise Disclosure Document. Franchisee may not do business under the Licensed Marks unless and until Franchisee delivers a fully executed Addendum to Lease to Company. Franchisee's failure to deliver a fully executed Addendum to Lease to Company on or before the Opening Date shall be grounds permitting Company to terminate the Franchise Agreement. Termination shall be effective at the close of business on the 10th day after the date written notice of default is given to Franchisee if Franchisee does not deliver a fully executed Addendum to Lease to Company within the 10-day time period.

4. FULL FORCE AND EFFECT. Except as expressly amended by this Conversion Addendum, the Franchise Agreement is and shall remain in full force and effect.

5. FURTHER ASSURANCES**.** Each party agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform the terms, provisions and conditions of this Conversion Addendum.

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

Company:	Franchisee:
TYG ENTERPRISES, LLC, a Delaware limited liability company	The party named in **Section 2** of the **Commercial Addendum**
By:_____	By:_____
Name: Daniel Bova	Name:_____
Title: Chief Executive Officer	Title: _____

EXHIBIT D

ADDENDUM TO LEASE

[See Schedule D to the Franchise Agreement]

EXHIBIT E

GENERAL RELEASE

GENERAL RELEASE

This GENERAL RELEASE ("Release") is made as _____, _____ ("**Release Effective Date**") by the undersigned party identified as "**Releasor**" with reference to the following facts:

A. Releasor is either:

[COMPLETE AND CHECK APPROPRIATE BOX OR BOXES]

☐ _____ [print name of Franchisee] ("**Franchisee**"), which has executed one or more Franchise Agreements (each a "**Franchise Agreement**") with TYG ENTERPRISES, LLC, a Delaware limited liability company ("**Company**") on or before the Release Effective Date, pursuant to which Company has awarded Franchisee a license to operate a THE YARD GYM fitness facility under the Licensed Marks on specific terms and conditions.

☐ _____ [print name of individual] is an employee, officer, director, member, manager, partner or owner of an interest in the equity or voting interests of Franchisee.

B. Releasor executes this Release pursuant to the requirements of the Franchise Agreement.

NOW, THEREFORE, RELEASOR AGREES AS FOLLOWS:

1. Definitions. Releasor agrees that all capitalized terms not defined in this Release have the same meaning assigned to them in the Franchise Agreement and hereby incorporates these definitions into this Release by this reference.

2. General Release. Releasor, for itself, himself or herself and on behalf of each of the Releasing Parties identified in this Release hereby releases and forever discharges Company, Company's Affiliates, and their respective officers, directors, shareholders, agents, employees, representatives, attorneys, successors and assigns (collectively the "**Released Parties**") from any and all claims, demands, obligations, liabilities, actions, causes of action, suits, proceedings, controversies, disputes, agreements, promises, allegations, costs and expenses, at law or in equity, of every nature, character or description whatsoever, whether known or unknown, suspected or unsuspected or anticipated or unanticipated, which any of the Releasing Parties ever had, now has, or may, shall or can hereafter have or acquire (collectively referred to as "**Claims**"). This Release includes, but is not limited to, all Claims arising out of, concerning, pertaining to or connected with the award of franchise rights, the Franchise Agreement, and any other agreement, tort, statutory violation, representation, disclosure or nondisclosure, act, omission to act, fact, matter or thing whatsoever, occurring on or before the Release Effective Date, so that after the Release Effective Date, none of the Releasing Parties shall have any Claim of any kind or nature whatsoever against the Released Parties, directly or indirectly, relating to the period on or before the Release Effective Date. For purposes of this Release, the "**Releasing Parties**" are as follows: (i) if Releasor is Franchisee, the Releasing Parties are Franchisee, Franchisee's Affiliates, and their respective officers, directors, shareholders, agents, employees, representatives, attorneys, successors and assigns; and (ii) if Releasor is an individual, the Releasing Parties are the individual's heirs, attorneys, representatives and assigns.

3. Waiver of Civil Code Section 1542. Releasor intends for this Release to be a full and unconditional general release and final accord and satisfaction extending to all Claims. Releasor, for itself, himself or herself, for each of the other Releasing Parties hereby expressly, voluntarily and knowingly waives, relinquishes and abandons each and every right, protection and benefit to which Releasor or any of the Releasing Parties is entitled under California Civil Code Section 1542 and under any other statutes or

common law principles of similar effect to said Section 1542, whether now existing or enacted after the Release Effective Date. Section 1542 provides:

> "A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

Release waives Section 1542 voluntarily with the intention of fully and forever settling and releasing all Claims regardless of the possibility of later discovered claims or facts and acknowledges and agrees that this waiver is an essential, integral and material term of this Release.

4. Maryland Franchise Registration and Disclosure Law. If Releasor is executing this Release as a condition of Franchisee's exercise of a renewal option or obtaining Company's consent to an Event of Transfer under the Franchise Agreement, this Release shall not apply to any Claim arising under the Maryland Franchise Registration and Disclosure Law.

5. Washington Franchise Investment Protection Act, RSW 19.100. The Claims covered by this Release do not extend to Claims arising under the Washington Franchise Investment Protection Act and the rules adopted thereunder.

6. Dispute Resolution; Choice of Law. If any dispute arises out of this Release, Releasor agrees to be bound by the dispute resolution provisions in the Franchise Agreement and hereby incorporates these provisions into this Release by this reference. Releasor hereby consents to the jurisdiction of the courts identified in the dispute resolution provision in the Franchise Agreement. This Release shall be governed by and construed in accordance with California law.

7. Confidential Treatment; No Admission. Releasor shall keep the existence and terms of this Release confidential. This Release shall not be construed as an admission of liability.

8. Authority of Parties. Releasor hereby warrants and represents that he, she or it is duly authorized to execute this Release on behalf of each of the Releasing Parties.

9. No Prior Assignments. Releasor represents and warrants that Releasor has not previously assigned or transferred, or attempted to assign or transfer, any Claim that is the subject of this Release to a third party and agrees that all Claims are forever released.

10. Further Assurances. Releasor agrees to perform any further acts and execute and deliver any other documents that Company believes may be necessary or advisable to carry out the purpose of this Release.

IN WITNESS WHEREOF, Releasor has executed this Release on the Release Effective Date.

Releasor: _____ [Print name]

Signature: _____ [signature if Releasor is an Individual]

By: _____ [signature if Releasor is Franchisee]

Its: _____ [title of person signing]

EXHIBIT F

CONSOLIDATED PERSONAL GUARANTY, CONFIDENTIALITY & NON-COMPETITION AGREEMENT

[See Schedule B to the Franchise Agreement]

EXHIBIT G

BRAND STANDARDS MANUAL – TABLE OF CONTENTS

THE YARD GYM
BRAND STANDARDS

CONTENTS

TOTAL DOCUMENT 24 PAGES

TOTAL DOCUMENT 24 PAGES

EXHIBIT H

STATE-REQUIRED ADDENDA

Certain states require a franchisor to register with a state agency in order to offer or sell franchises to residents of the state or for locations in the state. We list these states below.

As a condition of registration in these states, a franchisor must disclose additional information required by the state. In some states, you must sign an amendment to the Franchise Contracts. This Exhibit includes all of the additional state-specific disclosures and Addendum to Franchise Contracts that you must sign at the same time that you sign the Franchise Contracts. Please refer to the separate state addendum pages in this Exhibit for the additional disclosures that may apply to you.

CALIFORNIA
CONNECTICUT
HAWAII
INDIANA
MARYLAND
MICHIGAN (the same disclosures are located immediately before the FDD Table of Contents)
MINNESOTA
NEW YORK
NORTH DAKOTA
RHODE ISLAND
SOUTH DAKOTA
VIRGINIA
WASHINGTON
WISCONSIN

The following statement applies only to prospective franchisees who are residents of, or are entering a franchise agreement for a location in, the above-listed states (except that this statement shall not apply in California):

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

CALIFORNIA ADDENDUM TO FDD

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.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED WITH THE FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

1. In addition to the information disclosed in Item 3:

Neither Company nor any person identified 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 such association or exchange.

2. In addition to the information disclosed in Item 17:

A. California Business and Professions Code Sections §§20000 - 20043 provide rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with state law, state law will control.

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

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

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

E. Section 31125 of the California Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of your franchise agreement.

3. California law requires us to make the following additional disclosures:

A. OUR WEBSITE IS WWW.THEYARDGYM.COM.AU. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION, ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

B. The Franchise Agreement requires that we first submit any disputes (with limited exceptions) arising under the Franchise Agreement to non-binding mediation, which will be conducted at our headquarters. If mediation does not result in a resolution of the dispute, the Franchise Agreement

requires that you file an action in the federal or state courts located closest to our headquarters, which at this time are in Ontario, California.

C. The highest interest rate allowed to be charged in CA is 10%.

D. The Franchise Agreement contains provisions requiring you to waive your right to punitive or exemplary damages against us, limiting your recovery to actual damages for any claims related to your franchise. Under California Corporations Code Section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

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

4. Personal Guarantees. A franchisee must be a business entity. All persons who own 5% or more of the equity or voting rights in the franchisee business entity and their spouses (if applicable) must execute personal guarantees. This requirement places the personal and marital assets of the franchise owner(s) at risk.

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA

This **ADDENDUM TO FRANCHISE AGREEMENT** ("**Addendum**") is made and entered into on _____, _____ by and between **TYG ENTERPRISES, LLC** ("**Company**", "**we**", "**our**" or "**us**") and _____ ("**you**" or "**your**"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the State of California or a non-resident that is acquiring a license to operate a THE YARD GYM fitness facility under the System in a designated geographic area in the State of California.

B. Company and Franchisee mutually desire to amend the Franchise Agreement in order to comply with the requirements of California law.

C. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by us, we agree as follows:

1. The above recitals are incorporated and made a part of this Addendum.

2. With respect to any provision contained in (a) the Franchise Agreement; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the California Franchise Investment Law (California Corporations Code §§31000-31516), the provision will be deleted and will be of no force or effect.

3. Upon the termination or non-renewal of the Franchise Agreement, if Company is required by Section 20022 of the California Business and Professions Code to purchase inventory, supplies, equipment, fixtures, and furnishings from Franchisee, Company may offset any amounts Franchisee then owes Company against the amount owed by Company to Franchisee in connection with that purchase, provided that Franchisee agrees to the amount owed to Company or Company has obtained a final adjudication of the amount owed by Franchisee.

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

[CONTINUED ON NEXT PAGE]

5. The Franchise Agreement shall be given full force and effect as amended by this Addendum.

IN WITNESS WHEREOF parties have executed this Addendum on the date first above written.

COMPANY:	FRANCHISEE:
TYG ENTERPRISES, LLC, a Delaware limited liability company	**[NAME]**
By: _____	By: _____
Name: _____	Name: _____
Its: _____	Its: _____

CONNECTICUT ADDENDUM TO FDD

1. The following is added to the cover pages of the disclosure document:

DISCLOSURES REQUIRED BY CONNECTICUT LAW

THE STATE OF CONNECTICUT DOES NOT APPROVE, RECOMMEND, ENDORSE OR SPONSOR ANY BUSINESS OPPORTUNITY. THE INFORMATION CONTAINED IN THIS DISCLOSURE HAS NOT BEEN VERIFIED BY THE STATE. IF YOU HAVE ANY QUESTIONS ABOUT THIS INVESTMENT, SEE AN ATTORNEY BEFORE YOU SIGN A CONTRACT OR AGREEMENT.

2. Pursuant to Section 36b-63(c)(23) of the Connecticut Business Opportunity Investment Act (the "Act"), if the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

HAWAII ADDENDUM TO FDD

OUR FRANCHISE DISCLOSURE DOCUMENT HAS BEEN FILED WITH THE HAWAII DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS UNDER THE HAWAII FRANCHISE INVESTMENT LAW. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE HAWAII FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISEE, AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE OR SUBFRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE FRANCHISE AGREEMENT AND OTHER EXHIBITS TO THE FRANCHISE DISCLOSURE DOCUMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE COMPANY AND THE FRANCHISEE.

1. Section 482E-(3) of Hawaii Revised Statutes provides that you may be entitled to certain compensation upon termination or refusal to renew the Franchise Agreement. If this Section applies to you, you shall have an interest in the franchise upon termination or refusal to renew as specified therein.

2. No release language set forth in the Franchise Agreement shall relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

3. Personal Guarantees. A franchisee must be a business entity. All persons who own 5% or more of the equity or voting rights in the franchisee business entity and their spouses (if applicable) must execute personal guarantees. This requirement places the personal and marital assets of the franchise owner(s) at risk.

INDIANA ADDENDUM TO FDD

1. Indiana has a statute, the Indiana Deceptive Practices Act (the "Act"), which makes it unlawful for a franchise agreement with an Indiana resident or nonresident who will operate a franchise in Indiana to contain any of the following provisions:

A. Requiring goods, supplies, inventories, or services to be purchased exclusively from the Company or sources designated by the Company where the goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the Company. However, the publication by the Company 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 Company does not constitute the improper designation of a source nor does a reasonable right of the Company to disapprove a supplier constitute an improper designation. This paragraph does not apply to goods, supplies, inventories, or services that are manufactured or trademarked by, or for, the Company.

B. Allowing the Company to establish a Company-owned business that is substantially identical to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement, or, if no exclusive territory is designated, permitting the Company to compete unfairly with the franchisee within a reasonable area.

C. Allowing substantial modification of the franchise agreement by the Company without the consent in writing of the franchisee.

D. Allowing the Company 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 Company, unless the benefit is promptly accounted for and transmitted to the franchisee.

E. Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by Indiana law or requiring any controversy between the franchisee and the Company to be referred to any person, if referral would be binding on the franchisee. This paragraph does not apply to arbitration before an independent arbitrator.

F. Allowing for an increase in prices of goods provided by the Company 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 state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this paragraph.

G. Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this paragraph includes any material violation of the franchise agreement.

H. Permitting the Company to fail to renew a franchise without good cause or in bad faith. This paragraph shall not prohibit a franchise agreement from providing that the agreement is not renewable meets certain conditions specified in the agreement.

I. Requiring a franchisee to covenant not to compete with the Company for a period longer than three (3) years or in an area greater than the exclusive area granted by the franchise agreement or, in the absence of an exclusive area provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

J. Limiting litigation brought for breach of the agreement in any manner whatsoever.

K. Requiring the franchisee to participate in any:

(i) Advertising campaign or contest;

(ii) Promotional campaigns;

(iii) Promotional materials; or

(iv) Display decorations or materials; at any expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

L. Requiring a franchisee to enter into an agreement providing the Company with any indemnification for liability caused by the franchisee's proper reliance on or use of procedures or materials provided by the Company or by the Company's negligence.

M. Requiring a franchisee to enter into an agreement reserving the right to injunctive relief and any specific damages to the Company, limiting the remedies available to either party without benefit of appropriate process or recognizing the adequacy or inadequacy of any remedy under the agreement.

2. It is unlawful for any Company who has entered into any franchise agreement with a franchisee who is either a resident of Indiana or a nonresident operating a franchise in Indiana to engage in any of the following acts and practices in relation to the agreement:

A. Coercing the franchisee to:

(i) Order or accept delivery of any goods, supplies, inventories, or services which are neither necessary to the operation of the franchise, required by the franchise agreement, required by law, nor voluntarily ordered by the franchisee.

(ii) Order or accept delivery of any goods offered for sale by the franchisee which includes modifications or accessories which are not included in the base price of those goods as publicly advertised by the Company.

(iii) Participate in an advertising campaign or contest, any promotional campaign, promotional materials, display decorations, or materials at an expense to the franchisee over and above the maximum percentage of gross monthly sales or the maximum absolute sum required to be spent by the franchisee provided for in the franchise agreement; and absent a maximum expenditure provision in the franchise agreement, no such participation may be required; or

(iv) Enter into any agreement with the Company or any designee of the Company, or do any other act prejudicial to the franchisee, by threatening to cancel or fail to renew any

agreement between the franchisee and the Company. Notice in good faith to any franchisee of the franchisee's violation of the terms or provisions of a franchise or agreement does not constitute a violation of this paragraph.

B. Refusing or failing to deliver in reasonable quantities and within a reasonable time after receipt of an order from a franchisee for any goods, supplies, inventories, or services which the Company has agreed to supply to the franchisee, unless the failure is caused by acts or caused beyond the control of the Company.

C. Denying the surviving spouse, heirs, or estate of a deceased franchisee the opportunity to participate in the ownership of the franchise under a valid franchise agreement for a reasonable time after the death of the franchisee, provided that the surviving spouse, heirs, or estate maintains all standards and obligations of the franchise.

D. Establishing a Company-owned business that is substantially identical to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement, or if no exclusive territory is designated, competing unfairly with the franchisee within a reasonable area. However, a Company shall not be considered to be competing when operating a business either temporarily for a reasonable period of time, or in a bona fide retail operation which is for sale to any qualified independent person at a fair and reasonable price, or in a bona fide relationship in which an independent person has made a significant investment subject to loss in the business operation and can reasonably expect to acquire full ownership of such business on reasonable terms and conditions.

E. Discriminating unfairly among its franchisees or unreasonably failing or refusing to comply with any terms of a franchise agreement.

F. Obtaining money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than compensation for services rendered by the Company, unless the benefit is promptly accounted for and transmitted to the franchisee.

G. Increasing prices of goods provided by the Company which the franchisee had ordered for retail consumers prior to the franchisee's receipt of a written official price increase notification. Price increases caused by conformity to a state or federal law, the revaluation of the United States dollar in the case of foreign-made goods or pursuant to the franchise agreement are not subject to this paragraph.

H. Using deceptive advertising or engaging in deceptive acts in connection with the franchise or the Company's business.

3. The franchisee does not waive any right under Indiana statutes with regard to prior representations made in the Franchise Disclosure Document.

4. The Franchise Agreement is amended to provide that it will be governed and construed in accordance with the laws of the State of Indiana.

5. Any provision in the Franchise Agreement that designates venue in a forum outside of Indiana for claims arising under the Act is unenforceable. Venue for claims arising under the Act shall be in Indiana.

6. A franchisee must be a business entity. All persons who own 5% or more of the equity or voting rights in the franchisee business entity and their spouses (if applicable) must execute personal guarantees. This requirement places the personal and marital assets of the franchise owner(s) at risk.

Each provision of the Franchise Agreement which is unlawful pursuant to the Act is deemed to be amended by the parties to conform with the Act.

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF INDIANA

This ADDENDUM TO FRANCHISE AGREEMENT ("Addendum") is made and entered into on _____, _____ by and between TYG ENTERPRISES, LLC, a Delaware limited liability company ("Company") and _____ ("Franchisee"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the State of Indiana or a non-resident who is acquiring a THE YARD GYM fitness facility franchise for a location or territory in the state of Indiana.

B. The parties enter into this Addendum simultaneous with their execution of that certain Franchise Agreement of even date. The purpose of this Addendum is to amend the Franchise Agreement in order to conform the Franchise Agreement to the requirements of the Indiana Deceptive Franchise Practices Law, Indiana Code §23-2-2.7-1 to –7 (the "Law").

C. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated and made a part of this Addendum.

2. The parties expressly agree that to the extent the Franchise Agreement conflicts with the Law, the parties hereby amend the Franchise Agreement to the extent necessary to cause the Franchise Agreement to conform with the Law.

3. Without limiting the scope of Paragraph 2, the parties expressly agree that (i) no general release given by Franchisee shall operate to release, assign, waive or extinguish any liability arising under the Law; (ii) no provision in the Franchise Agreement shall limit Franchisee's right to sue in court for violations of the Law; (iii) no provision in the Franchise Agreement that is intended to prevent Franchisee from relying on any statement or representation made to Franchisee before Franchisee signs the Franchise Agreement shall be applied, or extend, to statements contained in the Franchise Disclosure Document delivered to Franchisee prior to Franchisee's execution of the Franchise Agreement; (iv) the choice of California law as the Franchise Agreement's governing law shall not prevent the Law from applying to any claims arising under the Law; and (v) the venue provisions in the Franchise Agreement shall not apply to claims arising under the Law to the extent the venue provisions are inconsistent with the Law.

4. Notwithstanding anything to the contrary contained in the Franchise Agreement, Franchisee shall have no duty to indemnify Company for any liability that Company may sustain as a result of Franchisee's proper reliance on or use of any of the procedures or materials furnished by Company or for liability solely attributable to Company's negligence.

5. With respect to any provision contained in (a) the Franchise Agreement; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the Act, the provision will be deleted and will be of no force or effect.

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

7. This Addendum shall be effective only to the extent that the jurisdictional requirements of the Law are met independently of and without reference to this Addendum. This Addendum shall have no effect if the jurisdictional requirements of the Act are not met.

8. The Franchise Agreement shall be given full force and effect as amended by this Addendum.

IN WITNESS WHEREOF, the parties have executed this Addendum on the date first above written.

COMPANY:	**FRANCHISEE**:
TYG ENTERPRISES, LLC, a Delaware limited liability company	**[NAME]**
By: _____	By: _____
Name: _____	Name: _____
Its: _____	Its: _____

MARYLAND ADDENDUM TO FDD

The following provisions amend anything to the contrary in Item 17 of the Disclosure Document:

1. As indicated in Item 17, Maryland law (COMAR 02.02.08.16L) provides that a general release required as a condition of renewal or assignment of the franchise shall not operate to extinguish claims arising under the Maryland Franchise Registration and Disclosure Law (the "Maryland Law").

2. The Maryland Law Section 14-226 prohibits a franchisor from requiring a franchisee to agree to a release, estoppel or waiver of liability as a condition of purchasing a franchise. None of the representations that you must make in purchasing the franchise are intended, or shall be construed, as a release, estoppel or waiver of claims arising under the Maryland Law.

3. The Maryland Law Section 14-216(c)(25) requires us to file an irrevocable consent to be sued in the State of Maryland. If any provision in any of the contracts that you enter into with us requires venue to be in a state other than Maryland, the Maryland Law supersedes such provision.

4. Any claim arising under the Maryland Franchise Law must be brought within three years after the grant of the franchise.

Maryland residents and non-residents who own a franchise located in the State of Maryland will enter into the Addendum to Franchise Agreement in the form attached to this Exhibit.

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND

This ADDENDUM TO FRANCHISE AGREEMENT ("Addendum") is made and entered into on _____, _____ by and between TYG ENTERPRISES, LLC, a Delaware limited liability company ("Company") and _____ ("Franchisee"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the State of Maryland or a non-resident who is acquiring a THE YARD GYM fitness facility franchise for a location or territory in the state of Maryland.

B. The parties enter into this Addendum simultaneous with their execution of that certain Franchise Agreement of even date. The purpose of this Addendum is to amend the Franchise Agreement in order to conform the Franchise Agreement to the requirements of the Maryland Franchise Registration and Disclosure Law (the "Law").

C. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated and made a part of this Addendum.

2. The parties acknowledge that the Law prohibits a franchisor from requiring a franchisee to agree to any release, estoppel or waiver of liability or claims arising under the Law as a condition of purchasing, selling, renewing or assigning a franchise that is subject to the Law. The parties agree that no provision in the Franchise Agreement is intended to be, nor shall any provision act as, a release, estoppel or waiver of any liability or claims under the Law. The parties amend the Franchise Agreement to the extent necessary to conform the Franchise Agreement to the requirements of the Law. The parties agree that any release given by Franchisee as a condition of renewal, sale or assignment of the franchise shall not constitute a release, estoppel or waiver of liability or claims under the Law. No representation made by Franchisee in the Franchise Agreement is intended to, nor shall it act as, a release, estoppel or waiver of any liability incurred under the Law.

3. The parties delete Sections 21.1, 21.2, and 22.4 of the Franchise Agreement.

4. The provisions in the Franchise Agreement that provide for termination upon Franchisee's bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

5. The parties amend the Franchise Agreement to clarify that claims arising under the Law must be brought within three years from the Effective Date of the Franchise Agreement. Therefore, any provision in the Franchise Agreement that limits the time period for the parties to bringing a claim shall not act to reduce the period of time that the Law affords to a franchisee to bring a claim for violation of the Law.

6. Each provision in the Franchise Agreement establishing venue for litigation outside of Maryland is void with respect to a cause of action that is otherwise enforceable in Maryland. As to causes of action enforceable in Maryland, venue shall be in Maryland.

7. With respect to any provision contained in (a) the Franchise Agreement; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the Law, the provision will be deleted and will be of no force or effect.

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

9. This Addendum shall be effective only to the extent that the jurisdictional requirements of the Law are met independently of and without reference to this Addendum. This Addendum shall have no effect if the jurisdictional requirements of the Law are not met.

10. The Franchise Agreement shall be given full force and effect as amended by this Addendum.

IN WITNESS WHEREOF, the parties have executed this Addendum on the date first above written.

COMPANY:	FRANCHISEE:
TYG ENTERPRISES, LLC, a Delaware limited liability company	**[NAME]**
By: _____	By: _____
Name: _____	Name: _____
Its: _____	Its: _____

MICHIGAN ADDENDUM TO FDD

The following provisions apply to franchises in Michigan:

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:

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

2. A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided by Michigan law. This shall not preclude a franchise, after entering into a franchise agreement, from settling any and all claims.

3. 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.

4. 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 five years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, Licensed 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 the franchisor's intent not to renew the franchise.

5. 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.

6. 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.

7. 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:

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

B. The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

D. 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.

8. 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).

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
G. Mennen Williams Building, 6th Floor
Lansing, Michigan 48933

MINNESOTA ADDENDUM TO FDD

For Minnesota residents and nonresidents acquiring a THE YARD GYM fitness facility franchise for a location or territory or territory in Minnesota, the applicable sections of the Franchise Disclosure Document are amended to reflect the following wherever appropriate:

1. We will not refuse to renew the Franchise Agreement in order to convert your Franchise Business to an operation that will be owned by us or one of our affiliates.

2. Minn. Stat. Sec. 80C.21 declares void any condition, stipulation or provision purporting to bind a person to waive compliance with the Minnesota franchise law (Minn. Stat. sections 80C.01 to 80C.22) and the rules promulgated thereunder (the "Minnesota Act"). To the extent that any of the contracts that you sign with us contain a general release, or require you to sign a general release at a later date, in favor of us, the general release will not operate to extinguish claims arising under, or relieve any person from liability imposed by, the Minnesota Act.

3. The Minnesota Act protects your right to require that the venue of any dispute be in Minnesota and that Minnesota law govern all contracts with us. It furthermore protects your right to a jury trial. To the extent any contract that you sign with us is inconsistent with the Minnesota Act, the contract shall be modified to conform with the Minnesota Act.

4. If any contract that you sign with us contains procedures for terminating the contract that are inconsistent with the Minnesota Act, the contract shall be modified to add the following:

> "Provided, however, with respect to franchises governed by Minnesota law, Company agrees to comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which, as of the date of this Agreement, require, except in certain specified cases enumerated in the referenced statute, that Company give Franchisee a minimum of 90 days' notice of termination (with a minimum of 60 days to cure) and a minimum of 180 days' notice for non-renewal of the franchise agreement."

5. If any contract that you sign with us requires you to consent to our obtaining injunctive relief, the contract shall be amended to provide that, pursuant to Minn. Rule 2860.4400J, Franchisee cannot give such consent; provided, however, nothing shall prevent us from applying to a forum for injunctive relief.

6. If any contract that you sign with us contains a limitations period for bringing claims against us that is shorter than the limitations period provided under the Minnesota Act, the contract shall be modified to conform to the Minnesota Act.

7. The Minnesota Act requires us to indemnify you from any loss, costs or expenses that you might incur arising out of a third-party challenge to your authorized use of our Licensed Marks.

8. A franchisee must be a business entity. All persons who own 5% or more of the equity or voting rights in the franchisee business entity and their spouses (if applicable) must execute personal guarantees. This requirement places the personal and marital assets of the franchise owner(s) at risk.

9. Minnesota Rules 2860.4400(K) prohibits a franchisor from requiring a security deposit except for the purpose of securing against damage to property, equipment, inventory, or leaseholds.

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

Minnesota residents and nonresidents owning a franchise to be operated in Minnesota will enter into the Minnesota Addendum to Franchise Agreement in the form attached to this Exhibit.

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA

This ADDENDUM TO FRANCHISE AGREEMENT ("Addendum") is made and entered into on _____, _____ by and between TYG ENTERPRISES, LLC, a Delaware limited liability company ("Company") and _____ ("Franchisee"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the state of Minnesota or a non-resident who is acquiring a THE YARD GYM fitness facility franchise for a location or territory in the state of Minnesota.

B. The parties enter into this Addendum simultaneous with their execution of that certain Franchise Agreement of even date. The purpose of this Addendum is to amend the Franchise Agreement in order to conform the Franchise Agreement to the requirements of the Minnesota Franchise Act (Minn. Stat. Sections 80C.01 to 80C.22) and the rules promulgated thereunder (the "Minnesota Act").

C. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated and made a part of this Addendum.

2. The parties agree that any provision in the Franchise Agreement that requires Franchisee to provide Company with a general release in violation of Minnesota law is illegal and of no force or effect.

3. The parties agree that if any provision in the Franchise Agreement requires venue for litigation to be in a state other than Minnesota, declares that the laws of a state other than Minnesota shall govern the Franchise Agreement, or requires Franchisee to waive its right to a jury trial, the applicable provision shall be amended to add the following:

> "Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, prohibit Company from requiring litigation to be conducted outside of Minnesota. In addition, nothing in this Agreement shall in any way abrogate or reduce any rights of Franchisee under Minnesota Statutes, Chapter 80C, or require Franchisee to waive his or her right to a jury trial, or require Franchisee to waive any other rights to any procedure, forum or remedies provided for by Minnesota law."

4. The parties agree that if any provision in the Franchise Agreement contains procedures for terminating the Franchise Agreement that are inconsistent with the Minnesota Act, the applicable provision shall be amended to add the following:

> "Provided, however, with respect to franchises governed by Minnesota law, Company agrees to comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which, as of the date of this Agreement, requires, except in certain specified cases, that Company give Franchisee a minimum of 90

days' notice of termination (with a minimum of 60 days to cure) and a minimum of 180 days' notice for non-renewal of the franchise agreement."

5. The parties agree that any provision of the Franchise Agreement that requires Franchisee to consent to Company's obtaining injunctive relief is hereby modified to provide that, pursuant to Minn. Rule 2860.4400J, Franchisee cannot give such consent; provided, however, nothing herein shall prevent Company from applying to a forum for injunctive relief.

6. If any provision in the Franchise Agreement contains a limitations period for bringing claims against Company that is shorter than the limitations period provided under the Minnesota Act, the applicable provision is amended to conform to the Minnesota Act.

7. To the extent required by the Minnesota Act, Company shall indemnify Franchisee from any loss, costs or expenses that Franchisee might incur arising out of a third-party challenge to Franchisee's authorized use of the Licensed Marks.

8. This Addendum does not act as a release or waiver by the Franchisee of any provision of the Minnesota Act that is omitted, misstated, or whose effect is misconstrued herein.

9. With respect to any provision contained in (a) the Franchise Agreement; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the Minnesota Act, the provision will be deleted and will be of no force or effect.

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

11. Minnesota Rules 2860.4400(K) prohibits a franchisor from requiring a security deposit except for the purpose of securing against damage to property, equipment, inventory, or leaseholds. Therefore, the parties delete the requirement that Franchisee pay a refundable Security Deposit of $5,000 for the purposes expressed in the Franchise Agreement.

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

13. This Addendum shall be effective only to the extent that the jurisdictional requirements of the Minnesota Act are met independently of and without reference to this Addendum. This Addendum shall have no effect if the jurisdictional requirements of the Minnesota Act are not met.

14. The Franchise Agreement shall be given full force and effect as amended by this Addendum.

IN WITNESS WHEREOF, the parties have executed this Addendum on the date first above written.

COMPANY:	FRANCHISEE:
TYG ENTERPRISES, LLC, a Delaware limited liability company	**[NAME]**
By: _____	By: _____
Name: _____	Name: _____
Its: _____	Its: _____

NEW YORK ADDENDUM TO FDD

The following information is required by New York's General Business Law (NY Gen. Bus. §680 et seq.) (Consol. 2001) ("New York Franchise Law") and supplements the information in this Disclosure Document:

1. The following information is added to the cover page of the Franchise Disclosure Document:

> INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The follow is added to the end of our response in Item 3:

Except as provided above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or any affiliate offering franchises under our 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 ten years immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive

or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for a franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

> However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; this proviso intends that the nonwaiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by a franchisee": "You may terminate the agreement on any grounds available by law."

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum," and Item 17(w), titled "Choice of law":

> The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

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

7. Receipts: Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK

This **ADDENDUM TO FRANCHISE AGREEMENT** ("**Addendum**") is made and entered into on the date set out in **Section 1** of the **Commercial Addendum** by and between **TYG ENTERPRISES, LLC** ("**Company**", "**we**", "**our**" or "**us**") and the party named in **Section 2** of the **Commercial Addendum** ("**Franchisee**"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the state of New York or a non-resident who is acquiring a THE YARD GYM fitness facility franchise for a location or territory in the State of New York.

B. The parties enter into this Addendum simultaneous with their execution of that certain Franchise Agreement of even date. The purpose of this Addendum is to amend the Franchise Agreement in order to conform the Franchise Agreement to the requirements of New York's General Business Law (NY Gen. Bus. §680 et seq.) (Consol. 2001) (the "Law").

C. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated and made part of this Addendum.

2. With respect to any provision contained in (a) the Franchise Contracts; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the Law, the provision will be deleted and will be of no force or effect.

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

4. This Addendum shall be effective only to the extent that the jurisdictional requirements of the Law are met independently of and without reference to this Addendum. This Addendum shall have no effect if the jurisdictional requirements of Law are not met.

5. The Franchise Agreement shall be given full force and effect as amended by this Addendum.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have executed this Addendum on the date first above written.

COMPANY:	FRANCHISEE:
TYG ENTERPRISES, LLC, a Delaware limited liability company	The party named in **Section 2** of the **Commercial Addendum**
By: _____	By: _____
Name: Daniel Bova	Name: _____
Its: Chief Executive Officer	Its: _____

NORTH DAKOTA ADDENDUM TO FDD

A franchisee must be a business entity. All persons who own 5% or more of the equity or voting rights in the franchisee business entity and their spouses (if applicable) must execute personal guarantees. This requirement places the personal and marital assets of the franchise owner(s) at risk.

North Dakota residents and non-residents acquiring a THE YARD GYM fitness facility franchise in the State of North Dakota will enter into the North Dakota Addendum to Franchise Agreement in the form attached to this Exhibit.

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA

This FIRST ADDENDUM TO CONTRACTS ("Addendum") is made and entered into on _____, _____ by and between TYG ENTERPRISES, LLC, a Delaware limited liability company ("Company") and _____ ("Franchisee"), subject to the following recitals:

R E C I T A L S

D. Franchisee is a resident of the state of North Dakota or a non-resident who is acquiring a THE YARD GYM fitness facility franchise for a location or territory in the State of North Dakota.

E. The parties enter into this Addendum simultaneous with their execution of that certain Franchise Agreement of even date. The purpose of this Addendum is to amend the Franchise Agreement in order to conform the Franchise Agreement to the requirements of the North Dakota Franchise Investment Law (the "Law").

F. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated and made part of this Addendum.

2. The North Dakota Franchise Investment Law (the "Law") identifies certain practices as being unfair, unjust, or inequitable to franchisees. The parties hereby amend the Franchise Agreement in the following respects in order to comply with the requirements of the Law:

(i) To the extent that the covenants in the Franchise Agreement pertaining to a Competitive Business restrict competition in a manner contrary to the North Dakota Century Code Section 9-08-06, they may not be enforceable. A covenant not to compete that applies after the Franchise Agreement ends for any reason may be unenforceable in the State of North Dakota.

(ii) Any provision in the Franchise Agreement that requires Franchisee to mediate a dispute with Company at a location outside of North Dakota is not enforceable. Any mediation proceeding must be conducted at a mutually acceptable location in North Dakota.

(iii) Any provision in the Franchise Agreement that requires Franchisee to consent to the jurisdiction of courts outside of North Dakota is not enforceable. The parties each agree to file an action arising out of the Franchise Agreement in the courts located in North Dakota with the understanding, however, that either party may apply to any court with jurisdiction for equitable or interim relief.

(iv) The Franchise Agreement shall be governed by and construed in accordance with the laws of the State of North Dakota to the extent required by the Law.

(v) Any provision in the Franchise Agreement that requires Franchisee to waive the right to a jury trial or the right to collect exemplary or punitive damages is not enforceable under the Law.

(vi) Any provision in the Franchise Agreement that requires Franchisee to pay all of Company's costs and expenses to enforce the Franchise Agreement is not enforceable. However, the Franchise Agreement provision that awards attorney's fees to the prevailing party is enforceable.

(vii) Any provision in the Franchise Agreement that requires Franchisee to consent to a limitations period for bringing claims against Company is not enforceable and the statute of limitations under the Law shall apply to claims arising under the Franchise Agreement.

(viii) Any provision in the Franchise Agreement that requires Franchisee to execute a general release in violation of the Law is not enforceable. However, you acknowledge that Company may, in its sole discretion, modify this requirement and require that Franchisee and Company execute a mutual general release of claims.

(ix) Any provision in the Franchise Agreement that requires Franchisee to consent to liquidated damages or termination penalties is not enforceable.

3. With respect to any provision contained in (a) the Franchise Contracts; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the Law, the provision will be deleted and will be of no force or effect.

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

5. This Addendum shall be effective only to the extent that the jurisdictional requirements of the Law are met independently of and without reference to this Addendum. This Addendum shall have no effect if the jurisdictional requirements of Law are not met.

6. The Franchise Agreement shall be given full force and effect as amended by this Addendum.

IN WITNESS WHEREOF, the parties have executed this Addendum on the date first above written.

COMPANY**:**	FRANCHISEE:
TYG ENTERPRISES, LLC, a Delaware limited liability company	**[NAME]**
By: _____	By: _____
Name: _____	Name: _____
Its: _____	Its: _____

RHODE ISLAND ADDENDUM TO FDD

The Rhode Island Franchise Investment Act (the "Act") at Section 19-28.1-14 provides that "a provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

A franchisee must be a business entity. All persons who own 5% or more of the equity or voting rights in the franchisee business entity and their spouses (if applicable) must execute personal guarantees. This requirement places the personal and marital assets of the franchise owner(s) at risk.

Rhode Island residents and non-residents acquiring a THE YARD GYM fitness facility franchise in the State of Rhode Island will enter into the Rhode Island Addendum to Franchise Agreement in the form attached to this Exhibit.

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF RHODE ISLAND

This ADDENDUM TO FRANCHISE AGREEMENT ("Addendum") is made and entered into on _____, _____ by and between TYG ENTERPRISES, LLC, a Delaware limited liability company ("Company") and _____ ("Franchisee"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the state of Rhode Island or a non-resident who is acquiring a THE YARD GYM fitness facility franchise for a location or territory in the state of Rhode Island.

B. The parties enter into this Addendum simultaneous with their execution of that certain Franchise Agreement of even date. The purpose of this Addendum is to amend the Franchise Agreement in order to conform the Franchise Agreement to the requirements of the Rhode Island Franchise Investment Act (the "Act").

C. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated and made part of this Addendum.

2. The Act at Section 19-28.1-14 provides that "a provision in a franchise agreement restricting jurisdiction or venue for litigation to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." To the extent that any provision in the Franchise Agreement is inconsistent with the Act, the provisions of the Act shall control. This provision shall not modify the parties' agreement to mediate disputes at Company's headquarters at the time that a party initiates the mediation.

3. Rhode Island law shall be applied to, and govern, any claim that alleges violation of the Act.

4. With respect to any provision contained in (a) the Franchise Agreement; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the Act, the provision will be deleted and will be of no force or effect.

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

6. This Addendum shall be effective only to the extent that the jurisdictional requirements of the Act are met independently of and without reference to this Addendum. This Addendum shall have no effect if the jurisdictional requirements of the Act are not met.

7. The Franchise Agreement shall be given full force and effect as amended by this Addendum.

IN WITNESS WHEREOF, the parties have executed this Addendum on the date first above written.

COMPANY**:**	FRANCHISEE:
TYG ENTERPRISES, LLC, a Delaware limited liability company	**[NAME]**
By: _____	By: _____
Name: _____	Name: _____
Its: _____	Its: _____

SOUTH DAKOTA ADDENDUM TO FDD

A franchisee must be a business entity. All persons who own 5% or more of the equity or voting rights in the franchisee business entity and their spouses (if applicable) must execute personal guarantees. This requirement places the personal and marital assets of the franchise owner(s) at risk.

The following information is required by South Dakota's Franchises for Brand-Name Goods and Services Law (S.D. Codified Laws §37-5B (2008)) ("South Dakota Law") and supplements the information in this Disclosure Document:

1. Item 17 is supplemented by the addition of the following language immediately after the table:

> Despite anything to the contrary in the table, the law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota. Any non-binding mediation will be conducted at a mutually agreed upon site. You are not required to submit to venue or a forum outside the State of South Dakota for any claims you may have under the South Dakota Franchises for Brand-Name Goods and Services Law (S.D. Codified Laws §37-5B (2008)).

2. This Addendum is effective only to the extent that the jurisdictional requirements of the South Dakota Law are met independent of and without reference to this Addendum. This Addendum will have no effect if the jurisdictional requirements of the South Dakota Law are not met.

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF SOUTH DAKOTA

This ADDENDUM TO FRANCHISE AGREEMENT ("Addendum") is made and entered into on _____, _____ by and between TYG ENTERPRISES, LLC, a Delaware limited liability company ("Company") and _____ ("Franchisee"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the state of South Dakota or a non-resident who is acquiring a THE YARD GYM fitness facility franchise for a location or territory in the state of South Dakota.

B. The parties enter into this Addendum simultaneous with their execution of that certain Franchise Agreement of even date. The purpose of this Addendum is to amend the Franchise Agreement in order to conform the Franchise Agreement to the requirements of South Dakota's Franchises for Brand-Name Goods and Services Law (S.D. Codified Laws §37-5B (2008)) ("South Dakota Law").

C. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated and made part of this Addendum.

2. The parties acknowledge and agree that:

a. Notwithstanding anything to the contrary in the Franchise Agreement, the law regarding franchise registration, employment, covenants not to compete, and other matters of local concern shall be governed by the laws of the State of South Dakota.

b. You are not required to submit to a venue or forum outside of the State of South Dakota for any claims that you may have against us under the South Dakota Law.

3. With respect to any provision contained in (a) the Franchise Agreement; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the South Dakota Law, the provision will be deleted and will be of no force or effect.

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

5. This Addendum is effective only to the extent that the jurisdictional requirements of the South Dakota Law are met independent of and without reference to this Addendum. This Addendum will have no effect if the jurisdictional requirements of the South Dakota Law are not met.

6. The Franchise Agreement shall be given full force and effect as amended by this Addendum.

IN WITNESS WHEREOF, the parties have executed this Addendum on the date first above written.

COMPANY**:**	FRANCHISEE:
TYG ENTERPRISES, LLC, a Delaware limited liability company	**[NAME]**
By: _____	By: _____
Name: _____	Name: _____
Its: _____	Its: _____

VIRGINIA ADDENDUM TO FDD

Any provision in the Franchise Agreement that provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et seq.).

A franchisee must be a business entity. All persons who own 5% or more of the equity or voting rights in the franchisee business entity and their spouses (if applicable) must execute personal guarantees. This requirement places the personal and marital assets of the franchise owner(s) at risk.

Additional Disclosures. The following statements are added to the information that we disclose in Item 17:

1. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement 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.

2. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves our use of undue influence to induce you to surrender any rights under the Franchise Agreement, that provision may not be enforceable.

3. Risk factor: Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from $393,000 to $938,500 for start-up franchisees and from $229,000 to $523,500 for conversion franchisees. This amount exceeds the franchisor's members equity as of February 12, 2024, which is negative $72,856.

WASHINGTON ADDENDUM TO FDD

1. The State of Washington has a statute (RCW 19.100.180) that may supersede the provisions of the Franchise Agreement that you enter into with us pertaining to, among other subjects, the areas of termination and renewal of your franchise. There may also be decisions rendered by the state courts of Washington that may supersede the provisions of the contracts that you enter into with us.

2. To the extent that the applicable governing law stipulated in any of the contracts that you sign with us conflicts with the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the "Act"), the Act shall prevail.

3. A release or waiver of rights executed by a franchisee who is a resident of Washington or who is a nonresident of Washington but operates a franchise in Washington shall not include rights that arise under the Act, except when the release or waiver is executed pursuant to a negotiated settlement agreement provided each party is represented by independent counsel in the settlement negotiations.

4. Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims arising under the Act or that reduce or limit your rights or remedies under the Act, such as the right to a jury trial, may not be enforceable under the Act.

5. Under the Act, transfer fees are collectible to the extent that they reflect the Company's reasonable estimated or actual costs in effecting a transfer.

6. The Franchise Agreement requires that all disputes (with limited exceptions) be resolved first by non-binding mediation, and if that process does not result in resolution, by court proceeding (litigation). Mediation will be taking place either in a mutually agreed upon place in the state of Washington, or, if no mutual agreement, as determined by the mediator at the time of mediation. The Franchise Agreement does not permit arbitration. Litigation must be brought in the federal or state courts located closest to our headquarters at the time of the action is filed, except that any action or proceeding arising out of or in connection with the sale of a franchise or alleging a violation of the Washington Investment Protection Act may be brought in the federal or state courts in Washington.

7. Pursuant to Washington law (RCW 49.62.020), a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

8. Washington law (RCW 49.62.060) prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same Company or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

9. The Franchise Agreement and the Non-Competition Agreement each include a restriction that applies to Franchisee and each Covered Person for a period of 2 years after (i) expiration or termination of the Franchise Agreement (or if Franchisee and Company are parties to more than one Franchise Agreement, after the last Franchise Agreement); and (ii) 2 years from the date that a Covered Person ceases to be an officer, director, shareholder, member, manager, trustee, owner, general partner, employee, or

otherwise associated in any capacity with Franchisee. The parties amend this restriction to reduce the duration of the period from 2 years to 18 months.

10. Prior to requiring a Security Deposit from any Washington franchisees, Company will arrange for those funds to be held in a separate interest-bearing account that is segregated from Company's other assets.

11. A franchisee must be a business entity. All persons who own 5% or more of the equity or voting rights in the franchisee business entity and their spouses (if applicable) must execute personal guarantees. This requirement places the personal and marital assets of the franchise owner(s) at risk.

12. THE YARD GYM franchises are not available in Kingston, Washington based on a prior use of THE YARD for fitness services in Kingston, Washington.

Washington residents and non-residents who own a franchise located in the State of Washington, as well as franchisees who accept an offer of a franchise in the State of Washington, will enter into the Washington Addendum to Franchise Agreement in the form attached to this Exhibit for purposes of amending the Franchise Agreement to comply with the provisions of the Act.

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF WASHINGTON

This ADDENDUM TO FRANCHISE AGREEMENT ("Addendum") is made and entered into on _____, _____ by and between TYG ENTERPRISES, LLC, a Delaware limited liability company ("Company") and _____ ("Franchisee"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the state of Washington or a non-resident acquiring a THE YARD GYM fitness facility franchise for a location or territory in the state of Washington, or has accepted, in Washington, an offer of a franchise from Company.

B. The parties enter into this Addendum simultaneous with their execution of that certain Franchise Agreement of even date. The purpose of this Addendum is to amend the Franchise Agreement in order to conform the Franchise Agreement to the requirements of the Washington Franchise Investment Protection Act (the "Act").

C. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated and made part of this Addendum.

2. To the extent that any provision in the Franchise Agreement is inconsistent with the Act, the provisions of the Act shall control. To the extent that the governing law provided for in the Franchise Agreement is inconsistent with the Act, the provisions of the Act shall prevail.

3. A release or waiver of rights executed by Franchisee shall not include a release or waiver of rights arising under the Act except when the release or waiver of rights is executed pursuant to a negotiated settlement agreement and provided that each party is represented by independent counsel.

4. To the extent that any provision in the Franchise Agreement unreasonably restricts or limits the statute of limitations period for claims arising under the Act, or reduces or limits Franchisee's rights or remedies under the Act, such as the right to a jury trial, the specific provision in the Franchise Agreement may not be enforceable under the Act.

5. Transfer fees payable in connection with an Event of Transfer under the Franchise Agreement shall be limited to Company's reasonable estimated or actual costs in approving and processing the Event of Transfer.

6. The Franchise Agreement requires that all disputes (with limited exceptions) be resolved first by non-binding mediation, and if that process does not result in resolution, by court proceeding (litigation). Mediation will be taking place either in a mutually agreed upon place in the state of Washington, or, if no mutual agreement, as determined by the mediator at the time of mediation. Litigation must be brought in the federal or state courts located closest to Company's headquarters at the time of the action is filed, except that any action or proceeding arising out of or in connection with the sale of a franchise or alleging a violation of the Washington Investment Protection Act may be brought in the federal or state courts in Washington.

7. Pursuant to Washington law (RCW 49.62.020), a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under Washington law (RCW 49.62.030) unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

8. The Franchise Agreement and the Non-Competition Agreement each include a restriction that applies to Franchisee and each Covered Person for a period of 2 years after (i) expiration or termination of the Franchise Agreement (or if Franchisee and Company are parties to more than one Franchise Agreement, after the last Franchise Agreement); and (ii) 2 years from the date that a Covered Person ceases to be an officer, director, shareholder, member, manager, trustee, owner, general partner, employee, or otherwise associated in any capacity with Franchisee. The parties amend this restriction to reduce the duration of the period from 2 years to 18 months.

9. Washington law (RCW 49.62.060) prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

10. Washington law (RCW 19.100.180) may supersede the provisions of the Franchise Agreement in the relationship between Company and Franchisee, including the areas of termination and renewal. There may also be decisions rendered by Washington state courts that may supersede the provisions of the Franchise Agreement including in the areas of termination and renewal of the franchise.

11. With respect to any provision contained in (a) the Franchise Agreement; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the Act, the provision will be deleted and will be of no force or effect.

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

13. Section 11.4(a) of the Franchise Agreement states: "Company and its Affiliate may change their prices and payment terms at any time on no less than 30 days' written notice and may receive a profit on their transactions with franchisees." Section 11.4(a) does not waive franchisee protections under RCW 19.100.180(2)(d) of the Act, which states that it is a violation of the Act for any person to "sell, rent, or offer to sell to a franchisee any product or service for more than a fair and reasonable price."

14. Franchisee's obligations to indemnify, reimburse, and hold Company harmless referenced in Section 18.2 of the Franchise Agreement do not extend to liabilities caused by Company's negligence, willful misconduct, strict liability, or fraud.

15. The parties amend the Liquidated Damages provision in Section 20.8 of the Franchise Agreement to reduce the measurement period from 36 Calendar Months to the shorter of (i) 24 Calendar Months following the date of termination; or (ii) the number of Calendar Months and any partial Calendar Month left in the Term after the Effective Date of Termination to the original expiration date of the Term.

16. The parties delete Sections 21.1, 21.2, 21.3(a), and 21.4 of the Franchise Agreement.

17. This Addendum shall be effective only to the extent that the jurisdictional requirements of the Act are met independently of and without reference to this Addendum. This Addendum shall have no effect if the jurisdictional requirements of the Act are not met.

18. The Franchise Agreement shall be given full force and effect as amended by this Addendum.

IN WITNESS WHEREOF, the parties have executed this Addendum on the date first above written.

COMPANY:	FRANCHISEE:
TYG ENTERPRISES, LLC, a Delaware limited liability company	**[NAME]**
By: _____	By: _____
Name: _____	Name: _____
Its: _____	Its: _____

WISCONSIN ADDENDUM TO FDD

The Wisconsin Fair Dealership Law ("Wisconsin Law") applies to most, if not all franchise agreements and prohibits the termination, cancellation, nonrenewal or substantial change of the competitive circumstances of a dealership agreement without good cause. The Wisconsin Law further provides that at least 90 days prior written notice of the proposed termination, cancellation, nonrenewal or substantial change must be given to the "dealer" as that term is defined by the Wisconsin Law. The Wisconsin Law gives the dealer 60 days to cure the deficiency and if the deficiency is timely cured, the notice is void. The Wisconsin Law may supersede and control the terms of your relationship with us with respect to these subject matters. To the extent that any provision of the Franchise Agreement is inconsistent with the Wisconsin Law, the Wisconsin Law will control.

A franchisee must be a business entity. All persons who own 5% or more of the equity or voting rights in the franchisee business entity and their spouses (if applicable) must execute personal guarantees. This requirement places the personal and marital assets of the franchise owner(s) at risk.

Wisconsin residents and non-residents acquiring a THE YARD GYM fitness facility franchise for allocation in the state of Wisconsin will enter into the Wisconsin Addendum to Franchise Agreement in the form attached to this Exhibit.

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF WISCONSIN

This ADDENDUM TO FRANCHISE AGREEMENT ("Addendum") is made and entered into on _____, _____ by and between TYG ENTERPRISES, LLC, a Delaware limited liability company ("Company") and _____ ("Franchisee"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the state of Wisconsin or a non-resident who is acquiring a THE YARD GYM fitness facility franchise for a location or territory in the state of Wisconsin.

B. The parties enter into this Addendum simultaneous with their execution of that certain Franchise Agreement of even date. The purpose of this Addendum is to amend the Franchise Agreement in order to conform the Franchise Agreement to the requirements of the Wisconsin Fair Dealership Law, Wis. Stats. Ch. 135, Sec. 32.06 et seq. (the "Law").

C. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated and made part of this Addendum.

2. The Law provides certain rights to franchisees, which extend to Franchisee. In particular, and without limitation, the Law prohibits the termination, cancellation, nonrenewal or substantial change of competitive circumstances (as defined by the Law and by case law) of a dealership or franchise agreement without good cause. The Law further provides that 90 days prior written notice of the proposed termination, cancellation, nonrenewal or substantial change of competitive circumstances must be given to the "dealer" as that term is defined by the Law. The Law allows the dealer 60 days to cure the deficiency and if the deficiency is cured, the notice is void. To the extent that the Law conflicts with any provision of the Franchise Agreement, the provisions of the Law shall control.

3. With respect to any provision contained in (a) the Franchise Contracts; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the Law, the provision will be deleted and will be of no force or effect.

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

5. The Franchise Agreement shall be given full force and effect, as amended by this Addendum.

IN WITNESS WHEREOF, the parties have executed this Addendum on the date first above written.

COMPANY:	FRANCHISEE:
TYG ENTERPRISES, LLC, a Delaware limited liability company	**[NAME]**
By: _____	By: _____
Name: _____	Name: _____
Its: _____	Its: _____

EXHIBIT I

FINANCIAL STATEMENTS

Attached are the Company's audited financial statements for the period beginning on May 5, 2023 (our inception), through June 30, 2024, and unaudited financial statements for the period from July 1, 2024, through August 31, 2024.

The unaudited financial statements were prepared without an audit, which means that no certified public accountant has audited the figures or expressed their opinion with regard to the content or form of the financial statements.

Corporation Financial Statements

TYG Enterprises LLC
As of August 31, 2024

Prepared by Roger A. Brown & Co., LLP

Contents

Statements of Assets, Liabilities, and Equity

TYG Enterprises LLC
As of August 31, 2024
Accrual Basis

	AUG 31, 2024
Assets	
Current Assets	
Cash and Cash Equivalents	
JP Morgan Chase Bank 6700	310,742
Total Cash and Cash Equivalents	**310,742**
Accounts Receivable	8,118
Prepaid Expenses	
Prepaid Advertising	35,000
Total Prepaid Expenses	**35,000**
Prepaid State Tax	800
Total Current Assets	**354,660**
Non-Current Assets	
Other Non-Current Assets	
Intangible Assets (net)	8,000
Total Other Non-Current Assets	**8,000**
Total Non-Current Assets	**8,000**
Total Assets	**362,660**
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable	136,840
Sales Tax Payable	8,001
Related Party Payables (Current)	
Due to Yard Ventures Pty Ltd	175,914
Total Related Party Payables (Current)	**175,914**
Employee Related Liabilities	
Payroll Tax - Paid/Accrued	1,064
Other Payroll Liability	430
Accrued Payroll	1,736
Total Employee Related Liabilities	**3,230**
Other Current Liabilities	

No assurance is provided on these financial statements. Substantially all disclosures are omitted.

	AUG 31, 2024
Deferred Franchise Fee Revenue	250,000
Total Other Current Liabilities	**250,000**
Total Current Liabilities	**573,985**
Total Liabilities	**573,985**
Equity	
Share Capital	1,000
Current Year Earnings	27,527
Retained Earnings	(239,851)
Total Equity	**(211,325)**
Total Liabilities and Equity	**362,660**

Exchange rates used to convert foreign currency into USD are shown below. Rates are provided by XE.com unless otherwise stated.

- **Aug 31, 2024**

  1.47877 AUD (Australian Dollar)

Movements in Equity

TYG Enterprises LLC
For the month ended August 31, 2024
Accrual Basis

	2024
Equity	
Opening Balance	(238,851)
Increases	
Profit for the Period	27,527
Total Increases	**27,527**
Total Equity	**(211,325)**

No assurance is provided on these financial statements. Substantially all disclosures are omitted.

Profit and Loss

TYG Enterprises LLC
For the month ended August 31, 2024
Accrual Basis

	AUG 2024	YTD 2024
Revenue		
Franchise Fees	-	50,000
Equipment Packs	103,500	103,500
Royalties	6,806	13,733
Marketing	1,000	1,000
Shipping Income	11,700	11,700
Duties Income	2,750	2,750
Total Revenue	**125,756**	**182,683**
Other Revenue/(Refunds)		
Other Costs	-	(57)
Total Other Revenue/(Refunds)	**-**	**(57)**
Total Revenue	**125,756**	**182,626**
Cost of Services		
Employment Costs		
Wages & Salaries	12,500	24,946
Bonus	25,500	25,500
Payroll Tax Expense	2,907	3,859
Insurance - Workers Comp	349	459
Total Employment Costs	**41,256**	**54,765**
Continuous Customs Bond Fees	500	500
Commissions	-	10,000
Subcontractors	3,900	8,280
Total Cost of Services	**45,656**	**73,545**
Gross Profit ($)	**80,100**	**109,081**
Gross Profit (%)	**64**	**60**
Overhead		
Occupancy		
Rent	2,000	4,000
Total Occupancy	**2,000**	**4,000**
General and Administrative Expenses		
Advertising	-	750
Accounting Fees	3,875	6,212

No assurance is provided on these financial statements. Substantially all disclosures are omitted.

	AUG 2024	YTD 2024
Computer Software/ IT Expense	131	261
Insurance	-	158
Legal Fees	15,682	37,819
Professional Fees	22,500	30,000
Taxes	190	1,721
Total General and Administrative Expenses	**42,378**	**76,921**
Total Overhead	**44,378**	**80,921**
Operating Income ($)	**35,723**	**28,160**
Operating Income (%)	**28**	**15**
Other Income		
Unrealized Foreign Currency Gains and Losses	-	(305)
Realized Foreign Currency Gains and Losses	(702)	(623)
Other Income	294	294
Total Other Income	**(408)**	**(633)**
Net Income ($)	**35,315**	**27,527**
Net Income (%)	**28**	**15**

No assurance is provided on these financial statements. Substantially all disclosures are omitted.

Trended Profit and Loss

TYG Enterprises LLC
For the month ended August 31, 2024
Accrual Basis

	MAY 2024	JUN 2024	JUL 2024	AUG 2024	3-MONTH AVERAGE
Revenue					
Franchise Fees	125,000	(50,000)	50,000	-	31,250
Equipment Packs	-	-	-	103,500	25,875
Royalties	-	-	6,927	6,806	3,433
Marketing	-	-	-	1,000	250
Merchandise	-	730	-	-	183
Shipping Income	-	570	-	11,700	3,068
Duties Income	-	-	-	2,750	688
Total Revenue	**125,000**	**(48,700)**	**56,927**	**125,756**	**64,746**
Other Revenue/(Refunds)					
Other Costs	-	-	(57)	-	(14)
Total Other Revenue/(Refunds)	**-**	**-**	**(57)**	**-**	**(14)**
Total Revenue	**125,000**	**(48,700)**	**56,870**	**125,756**	**64,732**
Cost of Services					
Employment Costs					
Wages & Salaries	-	89,167	12,446	12,500	28,528
Bonus	-	-	-	25,500	6,375
Payroll Tax Expense	-	7,353	952	2,907	2,803
Insurance - Workers Comp	-	662	111	349	280
Total Employment Costs	**-**	**97,182**	**13,509**	**41,256**	**37,987**
Continuous Customs Bond Fees	-	-	-	500	125
Commissions	-	-	10,000	-	2,500
Subcontractors	-	4,620	4,380	3,900	3,225
Total Cost of Services	**-**	**101,802**	**27,889**	**45,656**	**43,837**
Gross Profit ($)	**125,000**	**(150,502)**	**28,981**	**80,100**	**20,895**
Gross Profit (%)	**100**	**309**	**51**	**64**	**131**
Overhead					
Occupancy					
Rent	-	2,000	2,000	2,000	1,500
Total Occupancy	**-**	**2,000**	**2,000**	**2,000**	**1,500**
General and Administrative Expenses					
Accounting Fees	-	25,686	2,337	3,875	7,974

No assurance is provided on these financial statements. Substantially all disclosures are omitted.

	MAY 2024	JUN 2024	JUL 2024	AUG 2024	3-MONTH AVERAGE
Advertising	-	-	750	-	188
Bank Service Charges	-	21	-	-	5
Computer Software/ IT Expense	-	-	130	131	65
Insurance	-	120	158	-	70
Legal Fees	12,539	173,597	22,137	15,682	55,989
Professional Fees	-	230	7,500	22,500	7,558
Taxes	-	-	1,531	190	430
Travel	-	225	-	-	56
Travel Meals	-	242	-	-	60
Total General and Administrative Expenses	**12,539**	**200,120**	**34,544**	**42,378**	**72,395**
Total Overhead	**12,539**	**202,120**	**36,544**	**44,378**	**73,895**
Operating Income ($)	**112,461**	**(352,622)**	**(7,562)**	**35,723**	**(53,000)**
Operating Income (%)	**90**	**724**	**(13)**	**28**	**207**
Other Income					
Unrealized Foreign Currency Gains and Losses	-	305	(305)	-	-
Realized Foreign Currency Gains and Losses	-	4	79	(702)	(155)
Other Income	-	-	-	294	74
Total Other Income	**-**	**309**	**(226)**	**(408)**	**(81)**
Net Income ($)	**112,461**	**(352,313)**	**(7,788)**	**35,315**	**(53,081)**
Net Income (%)	**90**	**723**	**(14)**	**28**	**207**

TYG ENTERPRISES, LLC

FINANCIAL STATEMENTS

JUNE 30, 2024

CONTENTS

KATZ | CASSIDY
AN ACCOUNTANCY CORPORATION

Neal M. Katz, CPA
Mark K. Chapman, CPA
Catherine E. Thompson, CPA
Danielle McGee, CPA

Barbara Ann Barschak, CPA

INDEPENDENT AUDITOR'S REPORT

To the Member and Board of Directors
TYG Enterprises, LLC
Caringbah, Australia

Opinion

We have audited the accompanying financial statements of TYG Enterprises, LLC (a Delaware limited liability company), consisting of the balance sheet as of June 30, 2024, and the related statements of operations and member's equity and cash flows for the year 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 TYG Enterprises, LLC as of June 30, 2024, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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, including omissions, are

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of TYG Enterprises, 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 TYG Enterprises, 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 matters that we identified during the audit.

Katz Cassidy
An Accountancy Corporation
Los Angeles, California
October 17, 2024

TYG ENTERPRISES, LLC

BALANCE SHEET

JUNE 30, 2024

Assets

Current Assets		
Cash	$	319,149
Accounts receivable		58,038
Total Current Assets		377,187
Total Assets	$	377,187

Liabilities and Member's Equity (Deficit)

Current Liabilities		
Accounts payable	$	137,908
Accrued expenses		2,858
Current portion of deferred franchise fee revenue		200,000
Total Current Liabilities		340,766
Long-Term Liabilities		
Deferred franchise fee revenue, net of current portion		50,000
Note payable to affiliate		225,272
Total Long-Term Liabilities		275,272
Total Liabilities		616,038
Member's Equity (Deficit)		
Member's equity (deficit)		(238,851)
Total Liabilities and Member's Equity (Deficit)	$	377,187

The accompanying notes are an integral part of these financial statements.

TYG ENTERPRISES, LLC

STATEMENT OF OPERATIONS AND MEMBER'S EQUITY (DEFICIT)

FOR THE YEAR ENDED JUNE 30, 2024

Revenue	76,609
Operating Expenses	
General and adninistrative	7,889
Professional fees	212,051
Salaries and payroll taxes	96,520
Total Operating Expenses	316,460
Net Loss	(239,851)
Member's Equity, Beginning	-
Capital Contribution	1,000
Member's Equity (Deficit), Ending	$ (238,851)

The accompanying notes are an integral part of these financial statements.

TYG ENTERPRISES, LLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

Cash Flows from Operating Activities:	
Net loss	$ (239,851)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Increase in:	
Accounts receivable	(58,038)
Accounts payable	137,908
Accrued expenses	2,858
Deferred revenue	250,000
Net Cash Provided by Operating Activities	92,877
Cash Flows from Financing Activities:	
Advances from affiliate	225,272
Capital contributed	1,000
Net Cash Provided by Financing Activities	226,272
Net Increase in Cash	319,149
Cash, Beginning	-
Cash, Ending	$ 319,149

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Nature of Business

The Company was formed on May 5, 2023 in the state of Delaware. The Company is the United States franchisor of The Yard Gym, a boutique strength and conditioning facility which uses a distinctive and proprietary system of equipment and classes.

Basis of Financial Statements

The Company's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Accounts Receivable

The Company provides for uncollectible accounts in the year they are determined to be uncollectible. Based on management's evaluation of accounts receivable, no allowance for doubtful accounts of has been recorded at June 30, 2024.

Income Taxes

The Company is organized as a single-member limited liability company and is not subject to federal income taxes. The member of the Company is individually liable for income taxes on the Company's taxable income.

Revenue Recognition

The Company receives revenue from the sale of franchises and from royalties, which are based on a defined percentage of franchise store revenues and are recognized as franchisee sales occur.

The initial non-refundable franchise fee for a single location is $50,000. Existing franchisees are eligible for discounts ranging from 5% to 20% of the then-current initial franchise fee when purchasing additional locations.

The Company's franchise agreements have an initial term of five years with two five-year renewal periods available at the franchisee's option, subject to certain requirements established by the Company. In consideration for payment of an initial franchise fee and continuing royalties and other amounts specified in the franchise agreement, the Company sublicenses new franchisees to use The Yard Gym trademarks and operating system, and provides training, preopening assistance, and shop operating assistance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers. The amount of revenue to be recognized reflects the consideration to which the Company is entitled to receive in exchange for the goods or services delivered. To achieve this core principle, the Company applies the following five steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to performance obligations in the contract; and (5) recognize revenue when or as the Company satisfies a performance obligation.

In January 2021, FASB provided a practical expedient under which franchisors may account for pre-opening services provided to a franchisee or other licensee as distinct performance obligations and recognize revenue accordingly. Franchisors may also elect to treat specific pre-opening activities identified by FASB as a single performance obligation. The Company has adopted the practical expedient as of the earliest period presented in the financial statements, but has not elected to treat all eligible pre-opening activities as a single performance obligation.

Management estimates that services provided from the execution of a franchise agreement until the franchisee receives site approval account for 50% of its pre-opening performance obligations. Services provided after site approval until the location opens, including training, account for the remaining 50% of its pre-opening performance obligations. Management believes that the value of its performance obligations after opening, consisting primarily of licensing, are equal to the royalties and other fees charged to each location. Therefore 50% of the franchise fee is recognized as revenue upon site approval, and 50% upon the opening of each location.

Concentrations of Credit Risk

The Company maintains its cash with various commercial banks which are insured up to $250,000 per bank by the Federal Deposit Insurance Corporation. At times, account balances may exceed insured limits. The Company has not experienced any losses on these accounts, and management believes the Company is not exposed to any significant risk related to its cash accounts.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

2. FRANCHISE ACTIVITY

As of June 30, 2024, two franchised locations which were assigned to the Company by an affiliate (Note 3) are operating.

As of June 30, 2024, four franchisees have signed franchise agreements covering a total of eight locations which have not yet opened for business.

3. RELATED PARTY TRANSACTIONS

The Company shares common ownership with The Yard Ventures Pty Ltd ("TYV"), an Australian limited liability company. TYV owns all of the intellectual property associated with The Yard Gym and has granted the Company a license to use the intellectual property and sublicense it to franchisees.

As of June 30, 2024, TYV has made advances to the Company totaling $225,272 (Note 4).

In 2023, TYV sold two licenses for the right to open and operate The Yard Gym facilities in San Diego, California. The two locations opened in February and July 2023 and are operated by separate franchisees. TYV assigned the San Diego licensing contracts to the Company effective June 30, 2024.

4. NOTE PAYABLE TO AFFILIATE

The Company has an unsecured promissory note payable to its affiliate, TYV (Note 3), which provides for maximum borrowings of $250,000. Interest on the note accrues at the Bank of America prime lending rate, which is 8.5% as of June 30, 2024. The note is due in February 2034 and prepayment may be made at any time without penalty. The balance due as of June 30, 2024 is $225,272.

5. ECONOMIC CONCENTRATIONS

As of June 30, 2024, one franchisee accounts for approximately 86% of the Company's accounts receivable. Two franchisees representing three locations accounted for approximately 98% of the Company's revenue for the year ended June 30, 2024.

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 17, 2024, the date on which the financial statements were available to be issued.

EXHIBIT J

NAMES, ADDRESSES AND CONTACT INFO OF OPERATING THE YARD GYM STUDIOS AS OF JUNE 30, 2024

Location	Name	Contact Info
California		
The Yard Gym Normal Heights 3426 Adams Ave San Diego, CA 92116	Matthew Stubbs	Tel. +61 0431 717 929
The Yard Gym Pacific Beach 4617 Cass St San Diego, CA 92109	The Yard Gym Pacific Beach LLC – Matthew Stubbs, Rory Rogan, Sam Weismann	Tel. +61 0431 717 929

FRANCHISEES WHO HAVE SIGNED A FRANCHISE AGREEMENT BUT ARE NOT YET OPERATING AS OF JUNE 30, 2024

Location	Name	Contact Info
Denver, CO #1	ShengTzeng, LLC	2135 Lowell Blvd Denver, CO 80211 Alexander.tzeng@gmail.com
Denver, CO #2	ShengTzeng, LLC	2135 Lowell Blvd Denver, CO 80211 Alexander.tzeng@gmail.com
Arvada, CO	Bozo Holdings LLC	2520 Teller Street Lakewood, CO 80214 beau.ecksten9@gmail.com
Holland North, MI	TYG Lakeshore LLC	1416 Post Avenue Holland, MI 49424-2505 zhaverdink@gmail.com
San Antonio, TX #1 – Leon Springs	Trifit Collective, LLC	1919 Oakwell Farms Parkway #170 San Antonio, TX 78218 Jason.boulter@gmail.com
San Antonio, TX #2 – Alamo Ranch	Trifit Collective, LLC	1919 Oakwell Farms Parkway #170 San Antonio, TX 78218 Jason.boulter@gmail.com
San Antonio, TX #3 – Broadway Downtown	Trifit Collective, LLC	1919 Oakwell Farms Parkway #170 San Antonio, TX 78218 Jason.boulter@gmail.com
San Antonio, TX #4 – North Westside	Trifit Collective, LLC	1919 Oakwell Farms Parkway #170 San Antonio, TX 78218 Jason.boulter@gmail.com

EXHIBIT K

NAMES, ADDRESSES AND TELEPHONE NUMBERS OF FRANCHISEES IN THE UNITED STATES WHO LEFT THE SYSTEM IN THE LAST YEAR

None.

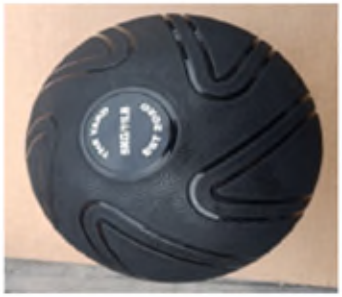
If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise network.

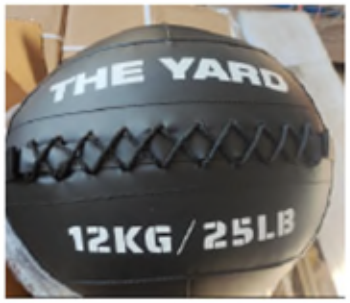
EXHIBIT L

DESCRIPTION OF FITNESS EQUIPMENT PACKAGE

STANDARD INITIAL EXERCISE PACK

ITEM	CATEGORY	DESCRIPTION	QTY	UOM
	Barbells & Accessories	Open Trap Bar	4	EA
	Barbells & Accessories	Olympic Barbell - 8 needle Bearing Mens OXIDE (20Kgs)	8	EA
	Barbells & Accessories	Olympic Barbell - 4 needle Bearing Female OXIDE (15kgs)	5	EA
	Barbells & Accessories	Easy lock collars	25	PRS
	Bumper Plates	5kg HD Bumper Plates	16	PR
	Bumper Plates	10kg HD Bumper Plates	16	PR
	Bumper Plates	15kg HD Bumper Plates	8	PR
	Bumper Plates	20kg HD Bumper Plates	8	PR
	Bumper Plates	25kg HD Bumper Plates	8	PR
	Storage	Bumper Plate Storage Tree	1	EA
	Dumbbells	Rubber Hex Dumbbell - 4kg	3	PR
	Dumbbells	Rubber Hex Dumbbell - 5kg	3	PR

ITEM	CATEGORY	DESCRIPTION	QTY	UOM
	Dumbbells	Rubber Hex Dumbbell - 6kg	3	PR
	Dumbbells	Rubber Hex Dumbbell - 7kg	3	PR
	Dumbbells	Rubber Hex Dumbbell - 8kg	3	PR
	Dumbbells	Rubber Hex Dumbbell - 9kg	3	PR
	Dumbbells	Rubber Hex Dumbbell - 10kg	3	PR
	Dumbbells	Rubber Hex Dumbbell - 12.5kg	3	PR
	Dumbbells	Rubber Hex Dumbbell - 15kg	3	PR
	Dumbbells	Rubber Hex Dumbbell - 17.5kg	3	PR
	Dumbbells	Rubber Hex Dumbbell - 20kg	3	PR
	Dumbbells	Rubber Hex Dumbbell - 22.5kg	1	PR
	Dumbbells	Rubber Hex Dumbbell - 25kg	1	PR
	Dumbbells	Rubber Hex Dumbbell - 27.5kg	1	PR
	Dumbbells	Rubber Hex Dumbbell - 30kg	1	PR
	Dumbbells	Rubber Hex Dumbbell - 32.5kg	1	PR
	Dumbbells	Rubber Hex Dumbbell - 35kg	1	PR
	Storage	3 Tier Dumbbell Rack (120cm height x 126cm width x 48cm depth)	3	SET
	Slam Ball	Slam Ball - 5kg	2	EA
	Slam Ball	Slam Ball - 7kg	2	EA
	Slam Ball	Slam Ball - 10kg	3	EA
	Slam Ball	Slam Ball - 12kg	3	EA
	Slam Ball	Slam Ball - 15kg	3	EA
	Slam Ball	Slam Ball - 20kg	3	EA
	Slam Ball	Slam Ball - 25kg	3	EA
	Slam Ball	Slam Ball - 30kg	2	EA
	Slam Ball	Slam Ball - 35kg	1	EA
	Slam Ball	Slam Ball - 40kg	1	EA

ITEM	CATEGORY	DESCRIPTION	QTY	UOM
	Slam Ball	Slam Ball - 50kg	1	EA
	Wall Ball	Wall Ball - 6kg	5	EA
	Wall Ball	Wall Ball - 9kg	5	EA
	Wall Ball	Wall Ball - 12kg	5	EA
	Resistance Bands	Power Band - 13mm	30	PC
	Resistance Bands	Power Band - 22mm	20	PC
	Resistance Bands	Power Band - 35mm	10	PC
	Resistance Bands	Power Band - 44mm	10	PC
	Resistance Bands	Latex Booty Bands (Set of 4)	10	SET
Pi 	Recovery	Foam Roller - 45 x 15cm GRID MODEL	5	PC

ITEM	CATEGORY	DESCRIPTION	QTY	UOM
	Bench	Adjustable Bench - Heat Embossed logo	10	EA
	Gym Rings	Gym Rings Wood with Easy Straps	8	PR
	Parralettes	Parralettes - Tall (NOT JOINT)	8	PR
	Plyo Box	Foam Plyo Box	6	PC

ITEM	CATEGORY	DESCRIPTION	QTY	UOM
	Storage	Multi Purpose Storage Rack	2	SET
	Storage	9 Barbell Vertical rack - YARD Laser cut	3	PC
	Timer	interval timer 6 digit with 2 x remotes	1	PC
	Mats	Yoga Mat 10mm	10	PC

ITEM	CATEGORY	DESCRIPTION	QTY	UOM
	Mats	Ab Mat	5	PC
	Flooring	Gym tile Premium 1m x 1m x 15mm Plain Black (150sqm)	150	PC
	Flooring	Gym Turf Grey 2m (W) x 18m (L) Plain (72sqm) (15mm - height on the turf)	2	ROLL
	Flooring	(2m x 16m rolls) GREY WITH 'YARDNATION' 14m wide writing on a 16m roll (32sqm)	1	ROLL
	Kettlebell	Comp Kettle bell - 8kg	6	PC
	Kettlebell	Comp Kettle bell - 12kg	6	PC

ITEM	CATEGORY	DESCRIPTION	QTY	UOM
	Kettlebell	Comp Kettle bell - 16kg	6	PC
	Kettlebell	Comp Kettle bell - 20kg	6	PC
	Kettlebell	Comp Kettle bell - 24kg	4	PC
	Kettlebell	Comp Kettle bell - 28kg	4	PC
	Kettlebell	Comp Kettle bell - 32kg	2	PC
	Kettlebell	Comp Kettle bell - 36kg	2	PC
	Barbells & Accessories	Olympic Bar - Easy Curl	10	PC
	Bumper Plates	Fractional Plate Set 7.5kg (1 x Pr 2.5kg, 1 x Pr 1.25kg) (Sets of Pairs)	10	SET
	Barbells & Accessories	Barbell Pad with Print	10	PC
	Pulley System	Pulley System Attachment Set	10	SET

ITEM	CATEGORY	DESCRIPTION	QTY	UOM
	Landmine & Accessories	Landmine Basic version	10	PC
	Landmine & Accessories	Landmine Handle	10	PC
	Barbells & Accessories	Barbell Jack Single	2	PC
	Weight Belt	Weight Belt Nylon M	2	PC
	Weight Belt	Weight Belt Nylon L	2	PC
		Rig (10 Squat Racks) (Cell = 2 Squat Racks)		
	Rig	Uprights 2510mm with direct Laser cut 'YARD GYM'	20	PC
	Rig	Chin Up bar 1070mm	20	PC

ITEM	CATEGORY	DESCRIPTION	QTY	UOM
	Rig	Chin Up Bar 1570mm	8	PC
	Rig	J-Hook (Pair) NO POP PIN MAKE IT WITH THE SPIN	10	PC
	Rig	Dipping Handles	10	PC
	Rig	Urethane Gym Pins 210mm in loadable length	20	PC
		CRATE FEE		

FLOORING OPTIONS (DEPENDING ON SIZE) (NO ADDITIONAL COST)

BRANDED YARDNATION TURF- CHOOSE 1 size per Purchase order

	Flooring	(2m x 13m rolls) GREY WITH 'YARDNATION' 11m width on text		ROLL
	Flooring	(2m x 16m rolls) GREY WITH 'YARDNATION' 14m width on text		ROLL
	Flooring	(2m x 20m rolls) GREY WITH 'YARDNATION' 17m width on text		ROLL

EXTRA CELL PACK

Extra Cell (2 Extra Squats Racks)

ITEM	CATEGORY	DESCRIPTION	QTY	UOM
	Rig	Uprights 2510mm with direct Laser cut 'YARD GYM'	4	PC
	Rig	Chin Up bar 1070mm	4	PC
	Rig	Chin Up Bar 1570mm	2	PC
	Rig	J-Hook (Pair) NO POP PIN MAKE IT WITH THE SPIN	2	PC
	Rig	Dipping Handles	2	PC
	Rig	Urethane Gym Pins 210mm in loadable length	4	PC
	Bumper Plates	Fractional Plate Set 7.5kg (1 x Pr 2.5kg, 1 x Pr 1.25kg) (Sets of Pairs)	2	SET
	Bench	Adjustable Bench - Heat Embossed logo	2	EA
	Barbells & Accessories	Olympic Barbell - 8 needle Bearing Mens OXIDE (20Kgs)	2	EA

ITEM	CATEGORY	DESCRIPTION	QTY	UOM
	Barbells & Accessories	Olympic Barbell - 4 needle Bearing Female OXIDE (15kgs)	2	EA
	Bumper Plates	5kg HD Bumper Plates	2	PR
	Bumper Plates	10kg HD Bumper Plates	2	PR
	Bumper Plates	15kg HD Bumper Plates	2	PR
	Bumper Plates	20kg HD Bumper Plates	2	PR
	Bumper Plates	25kg HD Bumper Plates	2	PR
	Plyo Box	Foam Plyo Box	1	PC
	Resistance Bands	Power Band - 35mm	2	PC
	Resistance Bands	Power Band - 44mm	2	PC
	Gym Rings	Gym Rings Wood with Easy Straps	1	PR
	Barbells & Accessories	Barbell Pad with Print	2	PC

ITEM	CATEGORY	DESCRIPTION	QTY	UOM
	Pulley System	Pulley System Attachment Set	2	SET
	Landmine & Accessories	Landmine Basic version	2	PC
	Landmine & Accessories	Landmine Handle	2	PC
	Barbells & Accessories	Olympic Bar - Easy Curl	2	PC
	Barbells & Accessories	Easy lock collars	4	PRS
	Storage	9 Barbell Vertical rack - YARD Laser cut	1	PC
		crate		

CARDIO EQUIPMENT (INCLUDED IN INITIAL EXERCISE PACK & PRICE)

ITEM	UOM	SUPPLIER	QUANTITY
Ski-Erg (including Floor Stand)	EA	Concept 2	3
Bike-Erg	EA	Concept 2	3
Rower	EA	Concept 2	3

OPTIONAL CARDIO EQUIPMENT (WHERE A FRANCHISEE CAN'T DO OUTDOOR RUNNING)

ITEM	UOM	SUPPLIER	QUANTITY	PRICE per unit	
Rogue Woodway Curve LTG Treadmill	1	Rogue	1 to 3	$3,495	excluding shipping and taxes
Rogue Echo Bike	EA	Rogue	3	$3,000	excludes shipping and handling

Note: Franchisee purchases the treadmills and air bikes directly from Rogue. The number they purchase will depend on the size of their site.

EXHIBIT M

CONVERSION ADDENDUM

[See Schedule F to Franchise Agreement]

STATE EFFECTIVE DATES

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

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

State	Effective Date
California	*Pending*
Connecticut	*Pending*
Hawaii	*Pending*
Illinois	Not Filed.
Indiana	*Pending*
Maryland	*Pending*
Michigan	*Pending*
Minnesota	*Pending*
New York	*Pending*
North Dakota	*Pending*
Rhode Island	*Pending*
South Dakota	*Pending*
Virginia	*Pending*
Washington	*Pending*
Wisconsin	*Pending*

OTHER STATES MAY REQUIRE REGISTRATION, FILING, OR EXEMPTION OF A FRANCHISE UNDER OTHER LAWS, SUCH AS THOSE THAT REGULATE THE OFFER AND SALE OF BUSINESS OPPORTUNITIES OR SELLER-ASSISTED MARKETING PLANS.

EXHIBIT N

ACKNOWLEDGMENT OF RECEIPT [Your Copy]

This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If TYG Enterprises, LLC offers you a franchise, TYG Enterprises, LLC must provide this Disclosure Document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, TYG Enterprises, LLC or its affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

Iowa requires that TYG Enterprises, LLC give you this disclosure document at the earlier of (i) the first personal meeting and (ii) 14 calendar days before the execution of any binding agreement or the payment of any consideration that relates to the franchise relationship. **Michigan** requires that TYG Enterprises, LLC give you this disclosure document at least 10 business days before the execution of any binding agreement or the payment of any consideration that relates to the franchise relationship. **New York** requires that TYG Enterprises, LLC give you this disclosure document at the earlier of (i) the first personal meeting and (ii) 10 business days before the execution of any binding agreement or the payment of any consideration that relates to the franchise relationship.

If TYG Enterprises, LLC does not timely deliver this Disclosure Document or if this Disclosure Document contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in **Exhibit A**.

Company:	**Franchise Sellers:**	
TYG Enterprises, LLC	Dan Bova	Cory George
1/2 Cawarra Road	Tiarne Bova	Carl Giammarco
Caringbah, NSW, 2229, Australia		

I received, on the date indicated, a THE YARD GYM Franchise Disclosure Document with an Issuance Date of October 18, 2024, that included the following Exhibits:

EXHIBIT A – List of State Administrators
EXHIBIT B – Agents for Service of Process
EXHIBIT C – Franchise Agreement
- Schedule A – Commercial Addendum
  - Attachment 1 – Names of Franchisee's Equity Holders
  - Attachment 2 – Names of Franchisee's Executive Management
  - Attachment 3 – Map of Territory
  - Attachment 4 – Insurance – Minimum Coverage Requirements; Recommend Coverage
- Schedule B – Consolidated Personal Guaranty, Confidentiality & Non-Competition Agreement
- Schedule C – Spousal Consent
- Schedule D – Addendum to Lease
- Schedule E – State Addenda
- Schedule F – Conversion Addendum

EXHIBIT D – Addendum to Lease (see Schedule D to Franchise Agreement)
EXHIBIT E – General Release
EXHIBIT F – Consolidated Personal Guaranty, Confidentiality & Non-Competition Agreement (see Schedule B to Franchise Agreement)
EXHIBIT G – Brand Standards Manual Table of Contents
EXHIBIT H – State Addendum and Amendment to Franchise Contracts for certain states
EXHIBIT I – Financial Statements
EXHIBIT J – List of Operating Gyms
EXHIBIT K – List of Franchisees that have left the System during the last fiscal year
EXHIBIT L – Description of Fitness Equipment Package
EXHIBIT M – Conversion Addendum to Franchise Agreement (for Conversion Operators only)
EXHIBIT N – Receipts (2 copies)

Date FDD Received: _____

_____
Name: _____

Keep this copy for your records.

EXHIBIT N

ACKNOWLEDGMENT OF RECEIPT [Our Copy]

This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If TYG Enterprises, LLC offers you a franchise, TYG Enterprises, LLC must provide this Disclosure Document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, TYG Enterprises, LLC or its affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

Iowa requires that TYG Enterprises, LLC give you this disclosure document at the earlier of (i) the first personal meeting and (ii) 14 calendar days before the execution of any binding agreement or the payment of any consideration that relates to the franchise relationship. **Michigan** requires that TYG Enterprises, LLC give you this disclosure document at least 10 business days before the execution of any binding agreement or the payment of any consideration that relates to the franchise relationship. **New York** requires that TYG Enterprises, LLC give you this disclosure document at the earlier of (i) the first personal meeting and (ii) 10 business days before the execution of any binding agreement or the payment of any consideration that relates to the franchise relationship.

If TYG Enterprises, LLC does not timely deliver this Disclosure Document or if this Disclosure Document contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in **Exhibit A**.

Company:	**Franchise Sellers:**	
TYG Enterprises, LLC	Dan Bova	Cory George
1/2 Cawarra Road	Tiarne Bova	Carl Giammarco
Caringbah, NSW, 2229, Australia		

I received, on the date indicated, a THE YARD GYM Franchise Disclosure Document with an Issuance Date of October 18, 2024, that included the following Exhibits:

EXHIBIT A – List of State Administrators
EXHIBIT B – Agents for Service of Process
EXHIBIT C – Franchise Agreement
- Schedule A – Commercial Addendum
  - Attachment 1 – Names of Franchisee's Equity Holders
  - Attachment 2 – Names of Franchisee's Executive Management
  - Attachment 3 – Map of Territory
  - Attachment 4 – Insurance – Minimum Coverage Requirements; Recommend Coverage
- Schedule B – Consolidated Personal Guaranty, Confidentiality & Non-Competition Agreement
- Schedule C – Spousal Consent
- Schedule D – Addendum to Lease
- Schedule E – State Addenda
- Schedule F – Conversion Addendum

EXHIBIT D – Addendum to Lease (see Schedule D to Franchise Agreement)
EXHIBIT E – General Release
EXHIBIT F – Consolidated Personal Guaranty, Confidentiality & Non-Competition Agreement (see Schedule B to Franchise Agreement)
EXHIBIT G – Brand Standards Manual Table of Contents
EXHIBIT H – State Addendum and Amendment to Franchise Contracts for certain states
EXHIBIT I – Financial Statements
EXHIBIT J – List of Operating Gyms
EXHIBIT K – List of Franchisees that have left the System during the last fiscal year
EXHIBIT L – Description of Fitness Equipment Package
EXHIBIT M – Conversion Addendum to Franchise Agreement (for Conversion Operators only)
EXHIBIT N – Receipts (2 copies)

Date FDD Received: _____

_____
Name: _____

Return this copy to us -- you may sign through DocuSign or email a pdf of the signed copy to **franchise@theyardgym.com.au**.