

FRANCHISE DISCLOSURE DOCUMENT



Phoenix Franchising Group, LLC
14000 North Hayden Road, Suite 101,
Scottsdale, Arizona 85260
(480) 386-9708
Email: TJ@Redlineathletics.com
www.Redlineathletics.com

We are offering Redline Athletics Regional Developer Business(s) under this Franchise Disclosure Document. Note that the term "Regional Developer" as used in this document has the same definition and meaning as an "Area Representatives" under the NASAA Multi-Unit Commentary adopted in September 2014. Regional Developers will recruit prospective Franchisees in a defined geographic area (the "Development Area") and provide certain sales and support services to the Franchisees located within the Development Area. Franchisees conduct business under the name of "Redline Athletics" and/or "Redline" and operate training centers that provide youth sports performance training products and services, physical fitness training classes, school fundraisers, adult boot camps, and related products and services to the public.

The total investment necessary to begin operations of your Regional Developer Business is \$98,725 to \$221,175. This includes \$85,750 to \$183,750 that must be paid to the Franchisor or an affiliate.

This disclosure document ("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 fourteen (14) calendar days before you sign a binding agreement with, or make any payment to, us or an affiliate in connection with the proposed franchise sale. Note, however, that no government agency has verified the information contained in this document.

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact T.J. O'Connor, Phoenix Franchising Group, LLC, 14000 North Hayden Road, Suite 101, Scottsdale, Arizona 85260, tj@redlineathletics.com. (480) 386-9708.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read your entire contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or 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 NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information on franchising. Call your state agency or visit your public library for other sources of information on franchising. There may be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: May 19, 2025

How to Use This Franchise Disclosure Document?

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the Franchisor or at the Franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the Franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D 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 Redline Regional Developer Franchised Business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the Franchisor and other franchisees can compete with you.
Does the Franchisor have a troubled legal history?	Items 3 and 4 tell you whether the Franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a Redline Regional Developer Franchised Business franchisee?	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About This Franchise

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

1. **Out of State Dispute Resolution.** The Regional Developer agreement requires you to resolve disputes with us by mediation, arbitration, and/or litigation only in Arizona. Out-of- state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate or litigate with us in Arizona than in your home state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even if 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. **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.

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.

ADDITIONAL DISCLOSURES

REQUIRED BY THE STATE OF 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.

- (a) A prohibition of the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure each failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the Franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Redline Performance Center 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' notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the Franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the Franchisor's then current reasonable qualification or standards.
 - (ii) The fact that the proposed transferee is a competitor of the Franchisor or sub-franchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

(v) 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

(h) 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 attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Attorney General's Department for the State of Michigan, Consumer Protection Division, Franchise Section, 670 Law Building, 525 W. Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

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EXHIBITS

- A. State Administrators/Agents for Service of Process
- B. Regional Developer Agreement
- C. Table of Contents of Manual
- D. Financial Statements
- E. Confidentiality/Non-Disclosure Agreement
- F. List of Franchisees
- G. General Release Agreement
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ITEM 1:
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Phoenix Franchising Group, LLC (“Redline” or “Franchisor” or “we” or “us”) offers Regional Developer Businesses through this Disclosure Document. Regional Developer Businesses recruit prospective Redline Performance Centers in a defined development area (“Development Area”) and provide certain sales and support services to Redline Performance Centers located within the Development Area.

We also offer “Unit” franchises pursuant to a separate disclosure document.

Note that the term “Regional Developer” as used in this document has the same definition and meaning as an “Area Representatives” under the NASAA Multi-Unit Commentary.

Franchisor offers prospective franchisees the opportunity to operate inline training centers that provide sports performance training products and services to the public, with a focus on ages 8 through 18 (“Redline Performance Center”).

To simplify the language in this Disclosure Document, the terms, “We,” “Us,” “the Company,” or “Redline” mean Phoenix Franchising Group, LLC, the Franchisor (but not the Company’s officers, directors, agents, or employees). “You” or “Regional Developer” mean the person who buys a Regional Developer Business from us. The term “Franchisee(s)” means franchisees that enter into Franchise Agreements with us. The term “Redline Business(s)” means one or several Redline Performance Centers. If you are a corporation, partnership or other entity, our Franchise Agreement (“Franchise Agreement”) will also apply to your Owners, officers, and directors. Unless otherwise indicated, the term “Franchised Business” means any type of Redline® franchise.

The Franchisor, and any Parents, Predecessor and Affiliates

We are an Arizona limited liability company created on January 2, 2025. Our predecessor is Redline Athletics Franchising LLC, an Arizona limited liability company. Redline Athletic Franchising LLC’s principal business address is 9260 E Raintree Dr., Suite 100, Scottsdale, AZ, 85260. We acquired certain assets of Redline Athletics Franchising LLC, including the rights to offer franchises, pursuant to an Asset Purchase Agreement dated January 4, 2025.

Our principal business and mailing address is 14000 North Hayden Road, Suite 101, Scottsdale, AZ 85260. Our telephone number is (480) 386-9708. We do not maintain a sales office at any location other than our principal places of business. We operate under our corporate name, Phoenix Franchising Group, LLC. We do not do business or intend to do business under any other names. Our agents for service of process is disclosed in Exhibit A to this Disclosure Document. Our predecessor, either directly or through its affiliates, operated Redline Performance Centers since February 2013. We have never operated Redline Performance Centers. We have offered Redline Athletics franchises since January 2025. Neither we nor our affiliates offer franchises in any other line of business.

Our predecessor’s former affiliate, Redline Athletics, Inc. (“Redline Inc.”), granted five (5) licenses in the State of California the right to use the “Redline Athletics®” name. One (1) of the licensees has since become a franchise. Redline Inc. also operates a facility under the Redline Athletics® Mark in San Juan Capistrano, California, although that facility is not a franchise. We do not have any direct contractual relationships with Redline Inc. or the other licensees.

Our Business

We grant franchises for the right to operate under the name “Redline Athletics®,” “Redline®,” “Redline® Sports Performance Centers” and other marks designated by the Company from time to time (collectively referred to as the “Marks”). We refer to our proprietary and confidential system for the operation of Redline Performance Center and Regional Developer Businesses, together with the Marks, as “the System.” You must offer all products and services that we specify and may not offer any products or services we have not authorized. We are not currently engaged in any other business. We have not conducted business in any other lines of business and do not offer franchises under any other names.

We currently offer Franchisees the opportunity to operate Redline Performance Centers in a manner consistent with Franchise Agreements pursuant to a separate disclosure document.

Redline Performance Center(s) offer specialized programs to develop core stability, speed improvement, running form and agility, and strength training. Each Redline Business’s trainers will also provide skills instruction for various sports, including baseball, softball, football, basketball, and more. The products and services we may designate for offer and sale at Redline Performance Centers include our proprietary, designated, or approved sports training products and programs, and other products and services we may designate or approve from time to time (“Products and Services”). The Products and Services form part of our proprietary program which we call the “Redline Program” or “Our Program.” Franchisees must operate Redline Businesses in accordance with the standards and procedures designated by the Company, and according to the Company’s Operations Manual for Redline Performance Centers, or other notices we send Franchisees from time to time (the “Manual for Locations”).

Regional Developer Businesses recruit prospective Franchisees in the Development Area and provide certain sales and support services to Franchisees whose Redline Performance Centers are located in the Development Area. You must operate your Regional Developer Business in accordance with the Company’s Operations Manual for Regional Developers (“Manual for RDs”). The Manual for Locations and the Manual for RDs are collectively referred to as the “Manuals.”

You will be provided online access to the Manuals at the time you sign the Regional Developer Agreement. A copy of the Table of Contents for the Manual for RDs is attached as Exhibit C.

Market and Competition

The market for Redline Performance Centers includes individuals and/or entities who need or desire sports training products and services. The competition for Redline Performance Centers includes other businesses offering similar products and services to individuals and/or entities. The market for the sports training and fitness industry is well established and competitive. These competitors may include other sports training facilities, health clubs, studios, personal trainers, athletic programs, and/or franchises. Such services are offered by individuals, small businesses, and other national, regional, and local chains.

Regional Developer Businesses compete with other franchisors, area representatives, regional developers, sales brokers, and others offering franchises or other business opportunities. Prior business management experience is particularly important for new Regional Developers, and prior business ownership experience is highly desirable.

Laws and Regulations

Many states and local jurisdictions have enacted laws, rules, regulations, and ordinances that may apply to the operation of a Redline Business. For example, state licensing and certification requirements may apply to persons who perform fitness, teaching, or services involving children and adults. In all cases, you must

also comply with laws that apply generally to all businesses. You should investigate these laws and consult with a legal advisor about whether these and/or other requirements apply to your franchise. In addition to laws and regulations that apply to businesses generally, your Regional Developer Business may be subject to federal, state, and local occupational safety and health regulations, franchise registration and disclosure laws, Equal Employment Opportunity, and Americans with Disabilities Act rules and regulations. There may be other laws and regulations in your city, state or county that may apply to the operations of your Regional Developer Business. We require that all Regional Developers and Franchisees conduct a criminal background check on any persons, including but not limiting to, trainers and other staff that will be working with minors to ensure the safety of any of the minors that participate in the Redline® Program.

ITEM 2: BUSINESS EXPERIENCE

Chance J. Pearson -Chief Executive Officer

Mr. Pearson has been our founder and Chief Executive Officer since our formation in January 2025. Mr. Pearson was the Chief Executive Officer of Redline Athletics Franchising, LLC from January 2019 through January 2025.

T.J. O'Connor – President of Development

Mr. O'Connor has been our President of Development since our formation in January 2025. From June 2019 through January 2025, Mr. O'Connor was the Vice President of Development for Redline Athletics Franchising, LLC.

Brad Hinkle – Vice President of Operations

Mr. Hinkle has been our Vice President of Operations since January 2025. From January 2015 through January 2025, Mr. Hinkle was the Vice President of Operations for Redline Athletics Franchising, LLC.

Rachel Elfata – Vice President of Operations

Ms. Elfata has been our Vice President of Operations since our formation in January 2025. From January 2024 through January 2025, Ms. Elfata was the Vice President of Operations for Redline Athletics Franchising, LLC. Since January 2021, Ms. Elfata has also been a Redline Athletics franchisee in Bedford, New Hampshire.

ITEM 3: LITIGATION

No litigation information 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

You must pay us a Development Fee (the "Development Fee") when you sign the Regional Developer Agreement. We estimate that the Development Fee you will pay us will range from \$85,750 to \$183,750, depending on the population of your defined Development Area. This range includes Development Areas

that include between seven (7) and fifteen (15) Redline Performance Centers. If your Development Area includes more than fifteen (15) Redline Performance Centers, the Development Fee will be higher than the provided estimate. The formula used to determine the Development Fee for your Development Area is calculated by multiplying 25% of the then-current Initial Franchise Fee (currently \$49,500) for Redline Performance Centers times the number of potential Redline Performance Centers that you and we agree may be opened in the proposed geographically defined Development Area.

The Development Fee must be paid by wire transfer, cash, or certified funds when you sign the Regional Developer Agreement. The Development Fee formula is applied uniformly for all Regional Developers. However, we reserve the right to modify the Development Fee in the future to reflect the changing costs of doing business and changes in the value of a Regional Developer Business. We may also discount the Development Fee: (i) if a Regional Developer purchases multiple Development Areas, depending on the number of Development Areas purchased and their locations; (ii) if we are unable to locate a Regional Developer in a particular region we consider desirable; or (iii) based on other subjective factors we deem important to the System.

We incur significant administrative and other expenses in appointing you as a Regional Developer, including training costs, attorneys' fees for preparing your Regional Developer Agreement, and expenses related to our lost or deferred opportunities to enfranchise others. As a result, the Development Fee is fully earned by us upon receipt and is nonrefundable.

**ITEM 6:
OTHER FEES***

Fee (1)	Amount	Due Date	Remarks
Regional Developer Advertising Cooperatives (1)	Varies without limitation; based on a majority vote of the cooperative	As required by the cooperative	Currently, no advertising cooperatives have been established (see Item 11).
Contribution to the Company's Advertising Fund	Currently 1% of the Regional Developer's share of Initial Franchise Fee commissions and Royalty Fees within the Development Area (we have the right to increase this amount to 2%)	On or before the date that Regional Developer's share of any Initial Franchise Fees or Royalty Fees are due.	Based on franchise sales made within your Development Area. Also based on your share of the Royalty Fees collected from Franchisees within your Development Area. (See Item 11 for additional information.)
Interest	Lesser of 15% per annum, or the highest commercial contract interest rate permitted by law	From the date payments are due, and continues until outstanding balance and accrued interest are paid in full	Charged on any late payments of any amounts due to us or our affiliates.
Technology Fee (2)	\$325/month; but we have the right to increase this amount in the future upon written notice to you	Monthly	Payable to cover the monthly cost of accessing our proprietary computer management software and programs (See Item 11).
Development Marketing Fee (3)	10+ unsold licenses in Development Area-\$1,000 per month.	Monthly	Payable to Us. Payable per Development Area

Fee (1)	Amount	Due Date	Remarks
	0-9 unsold licenses in Development Area-\$750 per month.		
Audit Expenses	Cost of audit and inspection, plus any reasonable accounting and legal expenses	On demand	Payable if 2% or more discrepancy in amounts owed, or if you fail to submit required reports.
Late Reporting Fee	\$100	10th day of the month following any month for which any required report is not timely submitted	Payable if any report or other information required to be submitted to us is received by us after the established deadline.
Additional Training Fee	An amount set by us per attendee per day, plus expenses (not to exceed \$500/day)	On demand	Payable for each person who attends any mandatory or optional additional training program or Owners meetings held by us. We do not currently charge this fee. If you fail to attend any of these required training courses or meetings, we may charge you a non-attendance fee of up to \$500 per day.
Renewal Fee	\$2,000 per open Redline Performance Center, not to exceed 25% of the original Development Fee for your Development Area	Upon renewal	Payable upon renewal of your Regional Developer Agreement.
Transfer Fee	\$26,000 for the Development Area	At the time of transfer	Applies to any transfer of the Regional Developer Agreement, the Regional Developer, or its assets, except transfers to a legal entity principally controlled by you. Used to cover cost associated with transfers, including training cost.
Termination Fee (4)	One-half of the original Development Fee for your Development Area, plus our attorneys' fees and costs	On demand	Payable if you terminate, or we terminate your Regional Developer Agreement for cause before your Term expires.

Fee (1)	Amount	Due Date	Remarks
Insurance (5)	Amount of unpaid premiums and related costs	On demand	Payable only if you fail to maintain required insurance coverage and we pay premiums for you.
Legal Costs and Attorney's Fees	All legal costs and attorneys' fees incurred by us	On demand	Payable if we must enforce, defend our actions related to or against your breach of, the Regional Developer Agreement.
Indemnification	All amounts (including attorneys' fees and costs) incurred by us or otherwise required to be paid	On demand	Payable to indemnify us, our affiliates, and our and their respective owners, officers, directors, employees, agents, successors, and assigns against all claims, liabilities, costs, and expenses related to your ownership and operation of the franchise, your breach of the Regional Developer Agreement, or your non-compliance with any law or regulation.

Explanatory Notes:

*Except for some product and service purchases (see Item 8) and advertising cooperative payments (see Item 11), all fees are uniform, and are imposed by, collected by, and payable to us. All fees are non-refundable.

1. We do not have any advertising cooperatives and do not plan on establishing any regional developer advertising cooperatives. If a regional developer advertising cooperative is established, each location in the cooperative will have one (1) vote on cooperative matters. We will be a member of each established regional developer advertising cooperative although we will not have any voting rights or make any contributions to regional developer advertising cooperatives until and unless we are operating a regional developer business that is part of the regional developer advertising cooperative. If we operate a regional developer business that is part of a regional developer advertising cooperative, we will make the same contributions as other regional developers that are part of that regional developer advertising cooperative. There are no minimum or maximum amounts that a regional developer advertising cooperative may charge its members. Each regional advertising cooperative may, without limitation, establish the fees payable by the members of that regional developer advertising cooperative.

You must pay all amounts due by automatic debit. You will be required to execute an ACH Authorization Form permitting us to electronically debit your designated bank account for payment of all fees payable to us as well as any amounts that you owe to us or our affiliates for the purchase of goods or services. You must ensure that there are sufficient funds available in your account for withdrawal before each due date.

2. The monthly technology fee is currently \$325/month. This technology fee allows you to access our intranet site, including training programs and our propriety software. Your monthly technology fee will be payable beginning the first month after you complete your initial training. We have the right to increase this amount in the future upon writing notice to you. See Item 7 and 11 for additional information regarding Computer Systems.

3. We collect the Development Marketing Fee and use it to offset our internal and external costs and expenses in marketing the sale of franchises through third party marketing firms. The Development Marketing Fee varies depending upon the number of unsold licenses in your Development Area.

4. You must pay the termination fee, plus any costs and attorneys' fees incurred by us, if you improperly attempt to terminate or close your Regional Developer Business before your term expires, or we terminate your Regional Developer Agreement for any reason set forth in the Regional Developer Agreement. We may also recover from you any damages suffered by us (e.g., lost future revenues) resulting from your improper or wrongful termination of the Regional Developer Business. See Item 17 for additional information.

5. If you fail to pay the premiums for insurance required to operate your Regional Developer Business, we may obtain insurance for you, and you will be required to reimburse us within ten (10) days of receipt of a demand for reimbursement from us. We will have the right to debit your account the amounts owed to us for such premiums if you fail to pay us within ten (10) days of our request for reimbursement.

**ITEM 7:
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Low	High	Method of Payment	When Due	To Whom Payment is Made
Development Fee (1)	\$85,750	\$183,750	Lump sum	Execution	Us
Real property rental (3 months) (2)	\$0	\$3,000	Monthly	As arranged	Landlord
Lease security deposit (3)	\$0	\$1,000	Lump sum	As arranged	Landlord
Construction Costs, Equipment and Fixtures (4)	\$0	\$5,000	As arranged	As arranged	Suppliers and contractors
Insurance (4)	\$1,000	\$6,500	As arranged	As incurred	Insurance company
Utility deposits (5)	\$0	\$500	As arranged	As incurred	Utility companies
Vehicle (6) (3 months)	\$0	\$1,200	As arranged	As incurred	Supplier
Professional service fees (7)	\$500	\$5,000	As arranged	As incurred	Professionals
Travel and living expenses during initial training (per person) (8)	\$1,000	\$1,500	As arranged	As incurred	Third parties
Filing fees (9)	\$0	\$750	As arranged	As incurred	State authority
Franchise sales advertising (3 months) (10)	\$3,000	\$4,500	As incurred	As incurred	Vendors

Type of Expenditure	Low	High	Method of Payment	When Due	To Whom Payment is Made
Computer system (11)	\$1,500	\$2,500	As arranged	As incurred	Suppliers
Technology fees (3 months) (11)	\$975	\$975	Automatic debit	Monthly	Us
Additional funds (3 months) (12)	\$5,000	\$5,000	As arranged	As incurred	Third parties
TOTAL ESTIMATED INITIAL INVESTMENT (13)	\$98,725	\$221,175			

Explanatory Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Regional Developer Business. Our estimates are based on our experience and the current requirements for Regional Developers. The actual investment you make in developing and opening your Regional Developer Business may be greater or less than the estimates given depending upon the location of your Regional Developer Business, and current relevant market conditions.

Neither we nor any of our affiliates offer direct or indirect financing. Neither we nor any of our affiliates will guarantee your lease, note, or other obligations.

1. We discuss the Development Fee in detail in Item 5 of this Disclosure Document. We and our affiliates do not offer any financing for this fee. This fee is non-refundable.

2. You may operate your Regional Developer Business from any location you choose. We will not approve or disapprove of the location of the Sales Office. If you decide to operate your sales office from a leased premises, you will be required to pay rent and possibly, the cost of constructing, equipping, and furnishing the Sales Office. Since the size and nature of each Regional Developer's Sales Office space will vary, an estimate is difficult. The estimate shown is for an office consisting of a reception area, one secretarial station, one conference room and two offices. The amount of your rent will vary according to the area, the type of office location (office building, strip center, or free-standing building), and various other factors. If you decide to operate out of a lease premises, you may also be required to pay a security deposit. In addition, in certain lease transactions, if you are an entity, the landlord may require your Principal Owners to personally guarantee the lease. Whether this fee is refundable depends on your agreement with your landlord.

3. You must obtain and maintain, at your own expense, insurance coverage for the vehicle(s) and any buildings you use or operate in connection with your Regional Developer Business. Insurance costs depend on a variety of factors. Annual premiums are typically paid to the insurer immediately, with refunds being issued if you cancel the insurance. The cost of your premiums will depend on the insurance carrier's charges, terms of payment, and your insurance and payment history. Our insurance requirements are contained in the Manual for RDS.

4. If you decide to operate from a leased premises, you may be required to pay deposits for utilities. The amount of these deposits will vary depending on the practices of the utility companies and whether any impact or hook-up fees are required.

5. You may be required to purchase or lease a vehicle to conduct franchise sales activities. If you decide not to utilize your own vehicle we estimate it will cost you approximately \$400 per month to cover the cost of your vehicle, tax, title, and licensing.
6. You may wish to retain the services of an attorney and other consultants to assist you in forming your business entity and in purchasing and establishing your Regional Developer Business. The cost of these services will vary depending on the different services providers.
7. You will incur expenses related to our initial Regional Developer training program. We provide a training program, a training location, instructors, and instructional materials. You will need to arrange for transportation, food, and lodging for your designated attendees. The costs you incur will depend on the distance you must travel and the type of accommodations you choose. See Item 11 of this Disclosure Document.
8. If the laws within your Development Area require you to be registered prior to undertaking your franchise development activities as required by the Regional Developer Agreement, there may be certain costs associated with this registration, including registrations fees. Registration fees, if any, vary from state to state.
9. We estimate that you will spend between \$1,000 and \$1,500 each month to advertise the sale of Franchised Businesses in your Development Area. The precise amount will be determined by the population of your Development Area after consultation with, and consent by, us. Advertising expenditures must be documented to us upon our request. This includes the cost of sales and marketing materials.
10. You must purchase a personal computer system and printer for your Regional Developer Business that is compatible with our computer equipment, so that you will be able to use our proprietary office management software, receive e-mail, use Internet and Intranet services, and receive other electronic information we send. We estimate the initial cost to purchase the computer system to be between \$1,500 and \$2,500. You will be required to pay a technology fee of \$325/month for the continuing use and upgrade of our proprietary office management software. You will need to have an internet connection as part of your Computer System. We estimate the cost of internet service/DSL (high-speed) internet access to be less than \$100 per month. See Items 8 and 11 of this Disclosure Document.
11. You will need capital to support your on-going expenses like payroll, utilities, and franchise sales advertising, to the extent that these costs are not covered by sales revenue. New businesses often generate a negative cash flow. The estimate of additional funds is based on an owner-operated business and does not include any allowance for an owner's draw. We estimate that the amount shown will be sufficient to cover ongoing expenses for the start-up phase of the Franchised Business, which is three months
12. We encourage you to make a diligent investigation of the Regional Developer Business opportunity. You should contact the Regional Developers listed on Exhibit F, and consult appropriate business advisors, like attorneys or accounts who are qualified to assist you in carefully evaluating these figures before you make any decision to purchase a Regional Developer Business from us.
13. Except as expressly mentioned above, none of the fees above are refundable.

**ITEM 8:
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

Required Purchases of Goods and Services

You must purchase certain products, supplies, and equipment under specifications and standards that we periodically establish in the Regional Developer Agreement, Manual for RDS, or other notices we send to you from time to time. These specifications are established to provide standards for performance, durability, design, and appearance. We will notify you whenever we establish or revise any of our standards or specifications, or if we designate approved suppliers for products, equipment, or services. You must purchase specified Products and Services relating to or for the operation of your Regional Developer Business solely from suppliers (including distributors, manufacturers, and other sources) who have been approved in writing by the Company, as set forth in our Manual for RDS. You are not allowed to purchase any of these products or services from an unapproved or alternate supplier. When selecting suppliers, we consider all relevant factors, including the quality of goods and services, service history, years in business, capacity of supplier, financial condition, terms, and other requirements consistent with other supplier relationships. We maintain written lists of required products (by brand name and/or by standards and specifications) and lists of approved suppliers for those items. All such products and approved vendors for our required Products and Services will be listed in the Manual for RDS and on our online franchise support portal, which must always be followed, even as modified, and updated by the Company.

Currently, we do not require our Regional Developers to purchase any products, supplies, or equipment from us, other than our proprietary software and marketing materials. We estimate that the purchase of required proprietary software and marketing materials from us or required suppliers represents between 5% and 10% of your total purchases and leases in establishing the Regional Developer business and approximately 25%-35% of your total purchases and leases, on an annual basis, in operating your Regional Developer business.

Franchisor and its affiliates' revenue from sales to franchisees during 2024 was \$0 or 0%.

We are the exclusive supplier of our proprietary software and marketing materials for Regional Developers. No other persons affiliated with us are currently approved suppliers of any other products or services. There are no approved suppliers in which any of our officers currently owns an interest.

Approval of Alternative Suppliers

The Company does not have any specific written criteria for supplier selection and does not intend at this time to prepare one. Therefore, the Company will not furnish its criteria for supplier approval to Regional Developers. If you would like to purchase any items from any unapproved supplier, then you must submit to us a written request for approval of the proposed supplier. We will notify you of our approval or disapproval within thirty (30) days of your written request for approval of the proposed supplier. We have the right to inspect the proposed supplier's facilities and require that product samples from the proposed supplier be delivered, at our option, either directly to us, or to any independent, certified laboratory that we may designate, for testing. We may charge you a supplier evaluation fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) to make the evaluation. We reserve the right to periodically re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier does not continue to meet any of our criteria.

Revenue from Franchisee Purchases

In 2024, we had total revenues of \$0, of which \$0 or 0% was derived from rebates or other material consideration or required franchisee purchases or leases.

The cost of purchasing required products and services to meet our specifications will represent approximately 52% of your total purchases in establishing your franchise and approximately 25% of your total purchases during the operation of your franchise.

In 2024 we received \$0 of revenue or other consideration from suppliers for goods and services that we require or advise you to purchase. We reserve the right to enter into additional arrangements with suppliers in the future. However, in the event we enter into agreements with any such suppliers, we anticipate that any revenue or other consideration received would probably include promotional allowances, rebates, volume discounts, and other payments, and would probably be equal to zero to ten percent (0-10%) of the amount of the goods or services you purchase from the supplier. We expect that at least some of these arrangements will generally allow us to obtain discounts off standard pricing and pass at least a portion of the savings on to you.

Negotiated Prices, Cooperatives and Material Benefits

We negotiate price terms and other purchase arrangements with suppliers for you for some items that we require you to lease or purchase in developing and operating a Franchised Businesses. There currently are no purchasing and distribution cooperatives. We do not provide any material benefits to you if you buy from sources we approve.

We may choose to negotiate purchase agreements for certain equipment or supplies. You may purchase such equipment or supplies from such designated suppliers or from any approved supplier on such terms as you negotiate. The Manual for RDS contains details relating to such purchases.

Insurance Specifications

Before you open your Regional Developer Business, you must obtain certain minimum insurance coverage, naming the Company as an additional insured. We may increase these limits or have new types of coverage added at any time after giving you notice. You must maintain this insurance coverage, as required by your Regional Developer Agreement, from a responsible carrier. Our current insurance requirements are summarized in the Manual for RDS. You must obtain the insurance necessary to operate your franchise from our required vendor. If you fail to pay the premiums for insurance required to operate your franchise, we may obtain insurance for you, and you will be required to reimburse us within ten (10) days of receipt of a demand for reimbursement from us. We will have the right to debit your account the amounts owed to us for such premiums if you fail to pay us within ten (10) days of our request for reimbursement.

Advertising Specifications

You must obtain our approval before you use any advertising and promotional materials, signs, forms, and stationery unless we have prepared or approved them during the twelve (12) months prior to their proposed use. You must purchase certain advertising and promotional materials, brochures, fliers, forms, business cards and letterhead from approved vendors only. Further, you must not engage in any advertising of your Regional Developer Business unless we have previously approved the medium, content and method.

Records

All of your bookkeeping and accounting records, financial statements, and all reports you submit to us must conform to the requirements set forth in Sections 6.10 and 6.11 of the Regional Developer Agreement, as well as those contained in our Manual for RDS.

Computer-Related Equipment and Software

You must purchase a computer system and operating software that meets the specifications that we specify from time to time. See Item 7 regarding the estimated initial cost of this equipment. You will also be required to pay a monthly technology fee of \$325 for the continuing use and upgrade of our proprietary office management software. You will also be required to have access to a high speed Internet connection at all times. We may increase the technology fee upon written notice to you.

We may require additional items to be purchased by Regional Developers or Franchisees from certain manufacturers or suppliers in the future. We will notify you of such requirements by sending to you such changes by modifying the Manual for RDS or sending you written communication of such changes.

Disclosure Document for Redline Performance Center Redline Performance Centers

You must deliver a copy of our franchise FDD to each Prospective Franchisee. We will provide you with one copy of the franchise FDD, although it is copyrighted, and you will not be authorized to reproduce it yourself without our prior written authorization. Currently, only we are the designated or approved supplier of our franchise FDD. There is no alternate supplier due to the need to maintain strict control of the contents of our franchise FDD.

**ITEM 9:
FRANCHISEE'S OBLIGATIONS**

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

Obligations	Section in Regional Developer Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Section 2.2	Item 11
(b) Pre-opening purchases/leases	Sections 6.5, 6.12 and 7	Items 5, 7 and 8
(c) Site development and other pre-opening requirements	Not Applicable	Items 7, 8, and 11
(d) Initial and ongoing training	Sections 5.1 and 6.13	Item 11
(e) Opening	Section 2.2	Item 11
(f) Fees	Sections 4, 5.2, 5.4, 6.5, 6.11, 7, 11.3(i), 15.2 and 15.15	Items 5, 6 and 7
(g) Compliance with standards and policies	Sections 5 and 6	Items 11 and 16
(h) Trademarks and proprietary information	Sections 9 and 10; Confidentiality Agreement (Exhibit E)	Items 13 and 14
(i) Restrictions on products/services offered	Section 5.2(a)	Item 16
(j) Warranty and Customer Service Requirements	Section 6.1	None
(k) Territorial Development and Sales Quotas	Section 2.1	Item 12
(l) On-going products/services purchases	Sections 5.4, 5.8, and 6.5	Item 8
(m) Maintenance, appearance, and remodeling requirements	Not Applicable	None

Obligations	Section in Regional Developer Agreement	Disclosure Document Item
(n) Insurance	Sections 6.5 and 6.6	Item 7
(o) Advertising	Sections 5.8, 6.7, and 6.8	Items 6, 7, and 11
(p) Indemnification	Section 15.2	Items 6, 13 and 17
(q) Owners Participation management/staffing	Section 6.13	Items 11, 15 and 16
(r) Records/reports	Sections 6.10 and 6.11	Item 6
(s) Inspections/audits	Section 5.7	Item 6
(t) Transfer	Section 11	Items 6 and 17
(u) Renewal	Section 4	Items 6 and 17
(v) Post-termination obligations	Section 13.2	Item 17
(w) Non-competition covenants	Section 12	Item 17
(x) Dispute resolution	Sections 14, 15.7, 15.8 and 15.9	Item 17
(y) Guaranty	Section 11.7	Item 15

**ITEM 10:
FINANCING**

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

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

Except as Listed Below, We Are Not Required to Provide You Any Assistance.

Pre-Opening

Before your Regional Developer Business opens for business, we or our designee will:

1. Within 60 days after you sign the Regional Developer Agreement, but not later than 30 days before you open your Regional Developer Business for business, provide the initial training program for our Regional Developer Businesses (Regional Developer Agreement-Section 5.1).

The Company's initial training program is available to all Owners and one additional person. Before opening for business, the Owner must attend and complete the initial franchise management-training program to the satisfaction of the Company. We provide this initial training free of charge to you; however, you must pay the wages, food, lodging and travel expenses for all of your attendees. The initial training program will last for approximately two (2) days and will be conducted by us or our designee at our corporate headquarters in Scottsdale, Arizona, or another location we designate. All persons who participate in our initial training program must complete it to our satisfaction.

Our initial training program currently includes the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Welcome, Introduction and RD Responsibilities	0.5		Corporate Office
Franchise Sales Process and Legal Issues	1.0		Corporate Office
FDD and Franchise Agreement	1.0		Corporate Office
Developing a Compliance System	1.0		Corporate Office
Profiles and Evaluation of Franchise Buyers	0.50		Corporate Office
Marketing the Redline® Athletics Franchise	1.0		Corporate Office
Dashboard	0.50		Corporate Office
Demographics, Site Selection and Project Development Program	1.0		Corporate Office
Human Resources, System Standards and Ongoing Assistance	1.0		Corporate Office
MindBody Online Software	1.0	1.0	Corporate Office/In Region
Regional Sales Plan		1.0	In the Region
Unit Pro-forma		1.0	In the Region
Total Hours	9.5	4.0	

(a) Most of these subjects are integrated throughout the approximately two (2) day training program (comprised of 9.5 hours of classroom training and 4 hours of on the job training). On the job training may take place in a variety of ways, including via telephone conferences, or web-based meetings or courses. We plan to be flexible in scheduling training. Regional Developer training is typically conducted on a monthly basis but may be held more or less often depending on the circumstances, in particular, the number of Regional Developers that need to be trained.

(b) The instructional materials for our training programs include handouts, computer training, the Manuals, group discussions, and lectures.

(c) Although the individual instructors of the training program may vary, all of our instructors have at least 2 years' experience in their designated subject area(s). The following are our main instructors at this time along with a general description of their designated subject areas:

(i) T.J. O'Connor —President of Development.

Mr. O'Connor has been with us since June 2019.

2. Make our Manual for RDS and our Operations Manual for Redline Performance Centers (“Manual for Locations”), which contain our mandatory and suggested specifications, standards, and procedures for operating Regional Developer Businesses (Regional Developer Agreement-Section 5.2) and Redline Performance Centers available to you. Exhibit C to this Disclosure Document sets forth the Table of Contents for our Manual for RDS which is approximately 175 pages. Together, the Manual for RDS and Manual for Locations are referred to as the "Manuals." We may modify the Manuals periodically to reflect changes in System Standards, or as we deem appropriate. You may view our Manuals at our corporate headquarters before purchasing a Regional Developer Business but must first sign a Confidentiality/Non-Disclosure Agreement (Exhibit E) promising not to reveal any of the information contained in the Manuals without our permission. See Item 14 for additional information about our Manuals and Exhibit C.

3. Prepare and/or register any disclosure documents or other documentation that must be prepared, amended, or registered for you to fulfill your responsibilities to solicit, recruit, and screen Prospective Franchisees (Regional Developer Agreement-Section 5.4). Federal and state franchise or business opportunity laws govern the sale and offering of Redline Performance Centers and may require the preparation, amendment, registration, or registration of all certain documentation and disclosures relating to the Redline Performance Centers offered in your Development Area (the "Documentation") before you can solicit prospective franchisees. While we will prepare and register all Documentation necessary for you to begin soliciting prospective franchisees, you must provide us with any documentation or information we may need to prepare or register the Documentation and will be responsible for all costs applicable to you. You must review and become fully familiar with all Documentation related to franchises sold in your Development Area. Before soliciting a Prospective Franchisee, you must take reasonable steps to confirm that the information contained in the Documentation or other materials related to the offer or sale of Redline Performance Centers is true, correct, and not misleading, or in violation of applicable state law related to registration of the Documentation.

4. Review and approve or disapprove your advertising, marketing, and promotional materials (Regional Developer Agreement-Section 6.8). See the remainder of this Item 11 for additional information about our advertising-related requirements and approval process.

5. You shall establish and operate a franchise sales office ("Sales Office") from any location you choose. We will not approve or disapprove of the location of the Sales Office. You must open your Regional Developer Business within 30 days after you receive your initial training from us, or 90 days after signing your Regional Developer Agreement, whichever occurs first. You are not required to secure a separate office location (although we recommend it) for your Regional Developer Business although you will be required to have adequate office space somewhere (whether at home, an office location, or if commercially reasonable) to operate your Regional Developer Business. (Regional Developer Agreement-Section 2.2)

Post-Opening Obligations:

After your Regional Developer Business opens for business, we or our designee will:

1. As we deem appropriate, provide you with additional or refresher training programs (Regional Developer Agreement-Section 5.1). You will be required to participate in periodic webinars and sales calls scheduled by us for Regional Developer Businesses. We may require you to attend up to two (2) additional or refresher training courses each year at our corporate offices, or at another location we designate. You may also be required to attend a national business meeting or convention of up to three (3) days each year. We will determine the location, frequency, and instructors of these training programs. We may charge reasonable fees for any courses, conventions, webinars, sales calls, and programs (see Item 6). You must also pay for all travel, lodging, meal, and personal expenses related to your attendance and the attendance of your personnel.

2. Make our Manual for RDS and Manual for Locations available to you (Regional Developer Agreement-Section 5.2).

3. Provide you with general guidance through bulletins or other written materials (Regional Developer Agreement-Section 5.3).

4. If we agree to do so, provide you with additional or special guidance, training, or assistance that you request (Regional Developer Agreement-Section 5.1). If we provide this training, you must pay all of our then-applicable charges, including all per-diem fees and travel, lodging, meal, and living expenses of our personnel. See Item 6 for additional information.

5. As necessary, amend, maintain, or renew any documentation and/or registrations necessary for you to continue to solicit Prospective Franchisees (Regional Developer Agreement-Section 5.4).
6. Approve or disapprove prospective Franchisees (the "Prospective Franchisees") recommended by you, and their proposed franchise locations (Regional Developer Agreement-Section 5.5). You must advertise for, solicit, recruit, and screen Prospective Franchisees to purchase Redline Performance Centers in your Development Area. You must investigate each Prospective Franchisee and any proposed locations for Redline Performance Centers to determine if they meet our standards and policies. After ensuring that a Prospective Franchisee meets our standards, you may recommend to us the approval of the Prospective Franchisee. You must provide us with all information that we may request to evaluate your recommendation. We may approve or reject a Prospective Franchisee for any reason. If we disapprove of any Prospective Franchisee, we will notify you in writing of our reasons for the disapproval. If we approve the Prospective Franchisee, you must provide the Prospective Franchisee with a copy of our then-current Franchise Agreement for the Prospective Franchisee to sign.
7. Review and approve or disapprove your advertising, marketing, and promotional materials (Regional Developer Agreement-Sections 6.8). See the remainder of this Item 11 for additional information about our advertising-related requirements and approval process.
8. Pay you any compensation that you are owed under the Regional Developer Agreement (Regional Developer Agreement-Section 8).
9. Allow you to continue using our Marks and Confidential Information in operating your Regional Developer Business (Regional Developer Agreement-Sections 9 and 10). See Items 13 and 14 for additional information.
10. Indemnify you against damages and expenses you incur in a trademark infringement proceeding disputing your authorized use of any Mark in compliance with the Regional Developer Agreement (Regional Developer Agreement-Section 9.5). See Item 13 for additional information.
11. If we establish a local or regional advertising cooperative that covers all or any part of your Development Area, approve or disapprove any advertising, marketing, or promotional materials created by the cooperative (Regional Developer Agreement-Sections 6.7 and 6.8). Though there currently are no local or regional cooperatives, we may create a cooperative to support the advertising and marketing needs of their respective members. See Items 6, 8, and the rest of this Item 11 for additional information about the local and regional advertising cooperatives that we may create.
12. Screen, qualify, and process applications from Prospective Franchisees in your Development Area sourced from leads generated by third party marketing firms retained by us on your behalf (Regional Developer Agreement-Section 5.5(a)).

Advertising and Marketing

Advertising by You

You may develop, at your cost, advertising, and promotional materials for your use, but may not use them until after we have approved them in writing. You must submit to us for our approval samples of all advertising and promotional materials not prepared or previously approved by us that you wish to use. We will not unreasonably withhold our approval. If you do not receive our written disapproval within 15 days from the date we receive the materials, the materials will be deemed to have been approved. Any materials submitted to us for approval will become our intellectual property. (Regional Developer Agreement-Section

10.3) We anticipate that you will spend between \$1,000 and \$1,500 a month in advertising in your Development Area.

Advertising by Us

In June 2024, we created a national advertising fund (the "RD Ad Fund") for Regional Developer Businesses to promote and support franchise sales. (Regional Developer Agreement-Section 6.7). Each Regional Developer must contribute to the RD Ad Fund such amounts that we periodically require. The current contribution amount is one percent (1%) of your share of any initial franchise fees you are due under the Regional Developer Agreement and 1% of your share of any Royalty Fees you are due under the Regional Developer Agreement. See Item 6 for the amount of your required contribution to RD Ad Fund. We have the right to increase or decrease your contribution to the RD Ad Fund upon thirty (30) days written notice to you. The maximum contribution to the RD Ad Fund we may require from you will be two percent (2%) of your share of any Initial Franchise Fees or Royalty Fees you are due under your Regional Developer Agreement. Any Regional Developer Business owned by us must also contribute to the RD Ad Funds on the same basis as you.

We will direct all marketing programs financed by the RD Ad Fund and will have sole discretion over the creative concepts, materials, and endorsements used by the RD Ad Fund, and the geographic, market, and media placement and allocation of the RD Ad Fund. RD Ad Fund contributions will be used primarily to promote and support the sale of Redline Performance Center franchises. RD Ad Fund contributions may be used to pay the costs of administering the program, including employing personnel, and paying for advertising and marketing activities that we deem appropriate, including the costs of participating in any national or regional trade shows. We are not under any obligation to spend any amount of money from the RD Ad Fund on advertising in your Development Area.

It is anticipated that all monies from the RD Ad Fund will be spent to solicit new franchise sales. The RD Ad Fund will be accounted for separately from our other funds and will not be used to pay any of our general operating expenses, except for salaries, administrative costs, and overhead costs that we incur in activities reasonably related to the administration of the RD Ad Fund. We may spend, in any fiscal year, an amount greater or less than the aggregate contributions to the RD Ad Fund in that year, and the RD Ad Fund may borrow from us or other lenders to cover the RD Ad Fund's deficits or invest any surplus for future use by the RD Ad Fund. The RD Ad Fund is not audited. We will prepare an annual statement of monies collected and costs incurred by the RD Ad Fund and will provide it to you upon your written request.

We may cause the RD Ad Fund to be incorporated or operated through an entity separate from us when we deem appropriate, and the entity will have the same rights and duties as we do under a Regional Developer Agreement. We do not have to ensure that the RD Ad Fund's expenditures in or affecting any geographic area are proportionate or equivalent to the contributions made by any Regional Developer in that geographic area, or that any Regional Developer will benefit from the development of advertising and marketing materials or the placement of advertising by the RD Ad Fund directly or in proportion to the Regional Developer's contribution to the RD Ad Fund. We assume no direct or indirect liability or obligation to you or any other franchise in connection with the establishment of an RD Ad Fund, or the collection, administration, or disbursement of monies paid into the RD Ad Fund.

We may suspend contributions to, and the operations of, the RD Ad Fund for any period we deem appropriate and may terminate an RD Ad Fund upon 30 days' written notice to you. All unspent monies held by the RD Ad Fund on the date of termination will be distributed to us, our affiliates, and you and our other Regional Developer in proportion to each party's respective contributions to the RD Ad Fund during the preceding 12-month period. We may reinstate a terminated RD Ad Fund upon the same terms and conditions set forth in your Regional Developer Agreement upon 30 days' advance written notice to you.

We do not have, nor do we plan to have, any advertising co-ops. Similarly, we do not have, nor plan to have, any advisory councils although we reserve the right to establish advertising co-ops and/or advisory councils in the future.

We will have independent access to the information that will be generated and stored on your Computer System. There are no limitations on when or how we may access such information.

In the fiscal year ending December 31, 2024, \$209,750 was contributed to the RD Ad Fund. The entire balance of 2024 RD Ad Fund Contributions were spent in 2024 in the following categories:

- Media Placement (70%)
- Marketing Technology Tool (20%)
- Training (5%)
- Other (5%)

Website

You may not have a website separate from our website. You also may not host social media websites, applications, or platforms relating to the System, such as Facebook, Instagram, LinkedIn, or other similar sites or platforms without our written consent. (Regional Developer Agreement-Section 6.9)

Computer System

You must use the computer hardware and software (collectively "Computer System") that we periodically designate to operate your Regional Developer Business. (Regional Developer Agreement -Section 6.12) You must obtain the Computer System, software licenses, maintenance and support services, and other related services from the suppliers we specify (which may include or be limited to us and/or our affiliates). (See Items 6 and 7 for more information regarding the cost and fees associated with the Computer System) We may periodically modify the specifications for, and components of, the Computer System. These modifications and/or other technological developments or events may require you to purchase, lease, and/or obtain by license new or modified computer hardware and/or software and obtain service and support for the Computer System. The Regional Developer Agreement does not limit the frequency or cost of these changes, upgrades, or updates. We have no obligation to reimburse you for any Computer System costs. Within 60 days after you receive notice from us, you must obtain the components of the Computer System that we designate and ensure that your Computer System, as modified, is functioning properly.

We may charge you a reasonable fee for: (i) installing, providing, supporting, modifying, and enhancing any proprietary software or hardware that we license to you; and (ii) other Computer System related maintenance and support services that we or our affiliates provide to you. If we or our affiliates license any proprietary software to you or otherwise allow you to use similar technology that we develop or maintain, then you must sign any software license agreement or similar instrument that we or our affiliates may require. See Items 6 and 7 for information regarding the cost of required computer software, and the monthly fees associated with operating your Computer System.

You will have sole responsibility for: (1) the acquisition, operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of other third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained, and upgraded. Your Computer System must be capable of supporting our required software with internet capability. The Computer System is used to track and store all data relating to the operation of your Regional Developer Business and the other Regional Developer Businesses in the System. We have the right to access all information stored on your Computer System which relates to your franchise.

We estimate the cost of purchasing the Computer System and related software will range from \$1,500 to \$2,500. In addition to the cost of purchasing the hardware and software associated with the Computer System, you will be required to pay reoccurring charges associated with the continuing use and upgrade of our proprietary office management software. Currently this technology fee is \$325/month but is subject to change. You will also be required to pay the monthly cost of maintaining high speed internet access at your site. We estimate that this cost will be less than \$100 a month depending on the internet service provider.

Periodic Inspections

You must operate your Regional Developer Business in accordance with the Regional Developer Agreement and the Manual for RDS. We reserve the right to conduct period inspections of your Regional Developer Business to ensure that you are in compliance with your Regional Developer Agreement, Manual for RDS, and our other written directives and standards. We may terminate your Regional Developer Agreement if you do not operate your business in compliance with the Regional Developer Agreement or the Manual for RDS.

Time to Open

You must open your Regional Developer Business within 30 days after you receive your initial training from us, or 90 days after signing your Regional Developer Agreement, whichever occurs first (Regional Developer Agreement- Section 2.2). We estimate that Regional Developer Businesses will typically open for business approximately 2-3 months after signing the Regional Developer Agreement. Factors affecting this length of time include locating a site and signing a lease, if you choose to operate from a leased premises, construction or remodeling of the site, completion of required training, financing arrangements, local ordinance and building code compliance, delivery and installation of equipment or supplies, and hiring and training of your staff. We will not approve or disapprove of the site where you choose to operate your Regional Developer Business.

ITEM 12: TERRITORY

Your Regional Developer Agreement grants you an exclusive Development Area, the specific size and location of which depend on population demographics, your capacity to recruit Prospective Franchisees and provide support services in the Development Area, and the number of Redline Performance Centers we believe the Development Area can sustain. You and we will mutually agree on your Development Area when you sign the Regional Developer Agreement. There is no specific minimum or maximum area that we must include in your Development Area. However, your Development Area will usually be a geographic area such as a state or county but could vary depending on the circumstances. Your Development Area may not be changed unless you and we both agree to the change in writing.

If you are in compliance with your Regional Developer Agreement, we and our affiliates will not operate, establish, grant, or operate another Redline Performance Center Regional Developer Business in your Development Area. The continuation of your territorial exclusivity depends upon your compliance with the minimum development obligations defined in your Regional Developer Agreement. If you do not meet the minimum development obligations of your Regional Developer Agreement, you will not have territorial exclusivity, and we may, at our option, terminate the Regional Developer Agreement.

Your territorial exclusivity is limited to the total number of franchises you are authorized to develop in your Development Area at the time of signing your Regional Developer Agreement. You have the option to purchase the right to develop additional Redline Performance Centers within your Development Area and receive additional territorial protection for any additional Redline Performance Centers you purchase within your Development Area. However, if you choose not to exercise the right to purchase the rights to develop additional Redline Performance Centers within your Development Area, we retain the right to develop or

sell the right to develop additional Redline Performance Centers within your Development Area, and you will not receive any compensation or Royalty Fees for such Redline Performance Centers.

You may solicit Prospective Franchisees residing outside your Development Area but interested in opening a franchise within your Development Area without having to pay any special compensation to us or any other Regional Developer. Likewise, Regional Developer outlets owned by us, our affiliates (if applicable), or other Regional Developers may solicit Prospective Franchisees residing in your Development Area but interested in opening a franchise in another Development Area without having to pay you any special compensation. You may not solicit Prospective Franchisees for a Redline Performance Center located outside of your Development Area. We will forward to you any leads or referrals that we receive from Prospective Franchisees interested in purchasing a Franchised Business in your Development Area, and you will be entitled to the compensation referred to in Item 11 only if these Prospective Franchisees purchase a Franchise in your Development Area.

Company Reserved Rights

We and our affiliates reserve the right to engage in any activities we deem appropriate that your Regional Developer Agreement does not expressly prohibit, whenever and wherever we desire, including the right to:

(a) establish and operate franchises, and grant rights to other persons to establish and operate franchises, on any terms and conditions we deem appropriate and at any locations other than within the Development Area;

(b) establish and operate Redline Performance Centers and/or grant other persons the right to establish and operate Redline Performance Centers within the Development Area during the initial term of the Regional Developer Agreement, to the extent that such additional franchises exceed the total number of franchises you are authorized to develop within your Development Area, and you decline to purchase the right to develop such additional Redline Performance Centers;

(c) provide and grant rights to other persons to provide, goods and services dissimilar to and/or not competitive with those provided by Redline Performance Centers to customers located within your Development Area;

(d) acquire the assets or ownership interest of one or more businesses providing products and services similar to those provided at Redline Performance Centers, and franchising, licensing, or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including within your Development Area); and

(e) be acquired (regardless of the form of transaction) by a business providing products and services similar to those provided at Redline Performance Centers, or by another business, even if such business operates, franchises and/or licenses competitive businesses within your Development Area.

Neither we nor our affiliates intend to use other channels of distribution, such as the Internet, catalogs sales, telemarketing, or other direct marketing, to make sales within your Development Area of Products and Services under trademarks different from the ones you will use under the Regional Developer Agreement. Neither we nor our affiliates plan to operate or franchise a business under a different trademark that sells or will sell sport performance training goods and services similar to those you will offer as a Redline franchise.

**ITEM 13:
TRADEMARKS**

The Company grants you the right and license to use the Marks and the System solely in connection with your Franchised Business. You may use our trademark “Redline®,” and such other Marks as are designated in writing by the Company for your use. In addition, you may use them only in the manner authorized and permitted by the Company and you may not directly or indirectly contest the Company’s ownership of or rights in the Marks.

The following principal trademarks are registered with the United States Patent and Trademark Office (“USPTO”).

Mark	Registration Number	Registration Date	Register
Redline Athletics®	4508971	April 8, 2014	Principal
Redline®	4504435	April 1, 2014	Principal

There are no agreements currently in effect that significantly limit the Company’s right to use or license the use of the Marks in a manner material to the franchise. With respect to the Marks, there are currently no effective material determinations of the UPSTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, or any pending infringement, opposition, or cancellation proceeding. For all principal federal registrations, all necessary required affidavits and renewals have been filed.

The Company will indemnify against or reimburse for expenses you incur in defending claims of infringement or unfair competition arising out of your use of the Marks. You are required to notify the Company immediately when you become aware of the use, or claim of right to, a Mark identical or confusingly similar to our Marks. If litigation involving the Marks is instituted or threatened against you, you must notify the Company promptly and cooperate fully with the Company in defending or settling the litigation. The Company, at its option, may but is not required to defend, and control the defense of any proceeding relating to any Marks. The Company has exclusive right to control any litigation or other proceeding arising out of any actual or alleged infringement, challenge, or claim relating to any Marks. You agree to sign any documents, render any assistance, and do any acts that our attorneys say is necessary or advisable in order to protect and maintain our interests in any litigation or proceedings related to the Marks, or to otherwise protect and maintain our interests in the Marks.

If it becomes advisable at any time in our sole judgment for the Company to modify or discontinue the use of any Mark or use one or more additional or substitute trade or service marks, including the Marks used as the name of the Company, then you agree, at your sole expense, to comply with our directions to modify or otherwise discontinue the use of the Mark, or use one or more additional or substitute trade or service marks, within a reasonable time after our notice to you.

The Company has no actual knowledge of either superior prior rights or infringing uses that could materially affect a Franchisee's use of the Marks in any state.

**ITEM 14:
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

Patents Rights

The Company owns no rights in or to any patents that are material to the franchise.

Copyrights

The Company claims a copyright and treats the information in the Manuals as confidential trade secrets, but you are permitted to use the material as part of your Regional Developer Business.

The Company has no actual knowledge of superior prior rights or infringing uses that could materially affect a Regional Developer's use of the Company's copyrighted materials in any state.

Confidential Operations Manuals

Under the Regional Developer Agreement, you must operate the Regional Developer Business in accordance with the standards, methods, policies, and procedures specified in the Manual for RDS. You will be granted online access to the Manuals for the term of the Regional Developer Agreement after you have completed the initial training program to our satisfaction. You must operate your Regional Developer Business strictly in accordance with the Manual for RDS, as it may be revised by the Company from time to time. You must at all times treat the Manuals and the information in them, as well as any other materials created for or approved by use for the operation of your Regional Developer Business, as confidential. You must make all reasonable efforts to keep this information secret and confidential. You must not copy, download, duplicate, record, or make the Manuals or other confidential information, available to any unauthorized person. The Manuals are our sole property and our grant of access to the Manuals will not act as to assign or license any rights in or to the Manuals except for the right to use them during the term of the Regional Developer Agreement in connection with operating the Regional Developer Business.

We may from time to time revise the contents of the Manual for RDS and Manual for Locations, and you must comply with each new or changed provision in the Manual for RDS. IYou must ensure that the Manuals you refer to from time to time are kept current. In the event of any dispute as to the contents of the Manual for RDS, the terms of the Manuals maintained by us at Company's home office and/or on our computers or storage devices will control.

Confidential Information

The Regional Developer requires you to maintain all Confidential Information of the Company as confidential both during and after the term of the Agreement. "Confidential Information" includes all information, data, techniques, and know-how designated or treated by the Company as confidential and includes the Manuals. You may not at any time disclose, copy, download, save, or use any Confidential Information except as specifically authorized by the Company. Under the Agreement, you agree that all information, data, techniques, and know-how developed or assembled by you or your employees or agents during the term of the Regional Developer Agreement and relating to the System will be deemed a part of the Confidential Information protected under the Regional Developer Agreement. See Item 15 below concerning your obligation to obtain confidentiality and non-competition agreements from persons involved in the Franchised Business.

ITEM 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

You must personally participate in the direct operation of your Regional Developer Business. If you do not personally participate in the direct operation of your franchise on a full-time basis, then you are obligated to have a fully trained Manager operate the Regional Developer Business on a full-time basis. While we do not require that your Manager have an equity interest in the Regional Developer Business, we believe that only a person with an equity interest can adequately ensure that our standards of quality and competence are maintained. The Regional Developer Agreement requires that you be directly involved in the day-to-

day operations and utilize your best efforts to promote and enhance the performance of the Franchised Business. While in most cases Regional Developers will seek additional assistance for the labor-intensive portions of the business, we have built our reputation on Owner participation and believe it is crucial for continued success.

Any Manager you employ at the launch of your franchise operations must complete the initial management-training course required by the Company. All subsequent Managers must be trained fully according to our standards by either Regional Developer or the Company. However, the Company may charge a fee for this additional training. See Item 6 and the Manual for RDS for details.

Each individual who holds an ownership interest in Regional Developer must personally guarantee all of the obligations of Regional Developer under the Regional Development Agreement. (See Exhibit 4 to the Regional Developer Agreement Owner's Guaranty and Assumption of Obligations)

At the Company's request, you must obtain and deliver executed covenants of confidentiality and non-competition from any persons who have or may have an ownership interest in the Owner or in the Regional Developer Business, or who receive or have access to Confidential Information under the System. The covenants must be in a form satisfactory to us and must provide that we are a third party beneficiary of and have the independent right to enforce the covenants.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate the Franchised Business in strict conformity with all prescribed methods, procedures, policies, standards, and specifications of the System, as set forth in the Manual for RDS and in other writings by the Company from time to time. You must use your Regional Developer Business Sales Office only for the operation of the Franchised Business and may not operate any other business at or from such office without the express prior written consent of the Company.

The Company requires you to offer and sell only those goods and services that the Company has approved. The Company maintains a written list of approved goods and services in its Manual for RDS, which the Company may change from time to time (see Item 11 in this Disclosure Document).

You must offer all goods and services that the Company designates as required for all franchises. In addition, the Company may require you to comply with other requirements (such as state or local licenses, training, marketing, insurance) before the Company will allow you to offer certain optional services.

We reserve the right to designate additional required or optional services in the future and to withdraw any of our previous approvals. In that case, you must comply with the new requirements. There are no express limitations on our right to designate additional or operational services; however, such services will be reasonably related to our System or model.

See Items 8, 9, 11 and 12 for more information about your obligations and restrictions.

**ITEM 17:
RENEWAL, TERMINATION, TRANSFER
AND DISPUTE RESOLUTION**

This table lists important provisions of the Regional Developer Agreement. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP

Provision	Section in Regional Developer Agreement	Summary
a. Length of the term of the franchise	Section 4	10 years.
b. Renewal or extension of the term	Section 4	Your renewal rights permit you to remain a Regional Developer after the Initial Term of your Regional Developer expires. If you wish to do so, and you satisfy the required pre-conditions to renewal, we will offer you the right to one (1) Renewal Term of 10 years.
c. Requirements for you to renew or extend	Section 4	You must: have substantially complied with Regional Developer Agreement; give notice of intent to renew; sign new Regional Developer Agreement in our then-current form which may include terms and conditions materially different from those in the original Regional Developer Agreement, including (e.g., no further renewals, higher royalty fees, etc.); sign general release of claims against us and related parties (see Exhibit G); pay the applicable renewal fee (see Item 6); cure any defaults; and pay all amounts owed to us.
d. Termination by you	No provision	You may terminate the Regional Developer Agreement on any grounds available at law.
e. Termination by us without cause	No provision	Not applicable.
f. Termination by us with cause	Section 13.1	Only upon written notice to you.
g. "Cause" defined -curable defaults	Section 13.1	You do not pay us amounts due within 10 days after written notice; or you do not comply with any other provision of the Regional Developer Agreement within 30 days after written notice of default.
h. "Cause" defined -defaults which cannot be cured	Section 13.1	You make an unauthorized transfer; you fail to meet your Minimum Development Obligation for any development period; you make material misrepresentation or omission in acquiring or operating the franchise; you do

Provision	Section in Regional Developer Agreement	Summary
		not satisfactorily complete initial training; you are convicted of or plead guilty to a felony; you fail to maintain required insurance; you engage in dishonest, unethical, or illegal conduct, or any conduct that we believe adversely affects the reputation of us, our franchises, or goodwill of the Marks; you knowingly make unauthorized use or disclosure of the Manuals or Confidential Information; you fail on 2 or more occasions in any 12-month period or 3 or more separate occasions in any 24-month period to timely pay amounts due or submit required reports, or comply with the Regional Developer Agreement; you become insolvent, or make an assignment for the benefit of creditors; or any attachment or seizure of the franchise assets is not vacated within 30 days.
i. "Transfer" by you -defined	Section 11.2(b)	Transfer includes: any voluntary, involuntary, direct or indirect assignment, sale, or gift of the franchise; transfer of ownership, merger, exchange, issuance of additional ownership interests, redemption of ownership interests, or sale of exchange of voting interests in you (if you are a legal entity); transfer of interest in the Regional Developer Agreement, you, the franchise, or its assets because of divorce, insolvency or dissolution, or operation of law; transfer because of the death of you or an Owner of you; or any pledge of the Regional Developer Agreement or ownership interest in you.
j. Your obligations on termination/non-renewal	Section 13.2	You must cease using our Marks and Confidential Information; cease identifying yourself as our franchisee; cancel fictitious or assumed names related to your use of the Marks; deliver to us within 30 days all advertising, forms, and other materials containing the Marks or related to the franchise; notify search engines of termination and your right to use domain names, websites, or other search engines related to the Marks or our franchises; and provide us with evidence of your compliance with the above obligations within 30 days of termination.

Provision	Section in Regional Developer Agreement	Summary
k. Assignment of contract by us	Section 11.1	Fully transferable by us.
l. Franchisor approval of transfer by franchisee.	Section 11.2(b)	Any assignment or transfer without our approval is a breach of this Agreement and has no effect.
m. Conditions for our approval of transfer by you	Section 11.3 and 11.4	You must pay all amounts owed to us; new owner assumes your obligations; new owner, its affiliates, and its owners do not have any interest in or work for a competitive business; new owner completes or agrees to complete initial training; new owners signs our then-current Regional Developer Agreement and ancillary agreements; new owner has strictly complied with obligations to us and is not in default of those obligations; you pay us a transfer fee (see Item 6); you sign a release; you do not identify yourself as current or former franchisee of ours, or use any Mark. You may transfer the Regional Developer Business and its assets to a newly formed legal entity principally controlled by you and your principals if the new entity operates the Regional Developer Business and complies with the Regional Developer Agreement, and you provide information about the transfer to us and the entities owners.
n. Our right of first refusal to acquire your business	Section 11.6	We have 15 days to match any offer.
o. Our option to purchase your business	No provision	None.
p. Your death or disability	Section 11.5	Executor, administrator, or other representative must transfer interest of franchisee or Owner within 9 months of your or an Owner's death or disability. All transfers are subject to provisions in Regional Developer Agreement regulating transfers.
q. Non-competition covenants during the term of the franchise	Section 12.1	Neither you, your principals, nor any immediate family members of you or them may perform services for or have any interest in any competitive business subject to state law.
r. Non-competition covenants after the franchise is terminated or expires	Section 12.2	Neither you, your principals, nor any immediate family members of you or them may perform services for or have any interest

Provision	Section in Regional Developer Agreement	Summary
		in any competitive business within the Development Area, the Development Area of any other Regional Developer, or within 25 miles of any Redline Performance Center for 18 months. This provision is subject to state law.
s. Modification of the agreement	Section 15.11	No modifications unless you and we both sign; we may amend Manual for RDS at any time.
t. Integration/merger clause	Section 15.11	The Regional Developer Agreement supersedes all prior agreements, representations, and promises. However, nothing in the Regional Developer Agreement will have the effect of modifying or limiting the representations made in this Franchise Disclosure Document or any of its attachments or addenda. Only the terms of the Regional Developer Agreement are binding (subject to state law). Any representation or promises outside of the disclosure document and Regional Developer Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 14	Except for certain claims, you and we must arbitrate all disputes in Maricopa County, Arizona (subject to state law).
v. Choice of forum	Section 15.8	Maricopa County, Arizona (subject to state law).
w. Choice of law	Section 15.7	Arizona law governs, except for matters regulated by the United States Trademark Act (subject to state law).

**ITEM 18:
PUBLIC FIGURES**

We do not use any public figure to promote our franchises. You have no right to use the name of any public figure for purposes of promotional efforts, advertising, or endorsements, except with our prior written consent. No public figure has any investment in the System or us.

**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 Regional Developer'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 such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting T.J. O'Connor, Phoenix Franchising Group, LLC, 14000 North Hayden Road, Suite 101, Scottsdale, Arizona 85260, (480) 386-9708., the Federal Trade Commission and the appropriate state regulatory agencies.

**ITEM 20:
OUTLETS AND FRANCHISEE INFORMATION
(REGIONAL DEVELOPERS)**

**Table No. 1
Systemwide Outlet Summary
for Years 2022 TO 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchise	2022	30	32	+2
	2023	32	35	+3
	2024	35	34	-1
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	30	32	+2
	2023	32	35	+3
	2024	35	34	-1

**Table No. 2
Transfers of Outlets From Redline Performance Centers to New Owners
(Other than the Franchisor)
For Years 2022 TO 2024**

State(s)	Year	Number of Transfers
All States	2022	0
	2023	0
	2024	0
Total	2022	2
	2023	0
	2024	0

Table No. 3
Status of Franchised Outlets*
For Years 2022 TO 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired	Ceased Operations	End of Year
Arizona	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
California	2022	1	1	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	1	0	0	0	0	4
Colorado	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
District of Columbia	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Georgia	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Idaho	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	1	0	0
Illinois	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Indiana	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Louisiana	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Maryland	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Michigan	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Minnesota	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired	Ceased Operations	End of Year
	2024	1	0	0	0	0	0	1
Missouri	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Nevada	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New Hampshire	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New Jersey	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New Mexico	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	1	0	0
New York	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
North Carolina	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Ohio	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	1	0	1
Oklahoma	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Oregon	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Pennsylvania	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Tennessee	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Texas	2022	3	0	0	0	0	0	3
	2023	3	1	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired	Ceased Operations	End of Year
	2024	4	0	0	0	0	0	4
Virginia	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Washington	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Wisconsin	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Total	2022	30	2	0	0	0	0	32
	2023	32	3	0	0	0	0	35
	2024	35	2	0	0	3	0	34

Table No. 4
Status of Company-Owned Outlets
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
All States	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Total	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

Table No. 5
Projected Openings as of December 31, 2024

State	Regional Developer Agreements Signed but Outlets Not Opened	Projected New Regional Developer Outlets in 2025	Projected New Company-Owned Outlets in 2025
California	0	1	0
Illinois	0	1	0
All Other States	0	0	0
Total	0	2	0

Exhibit F lists the names of all of our operating Regional Developer and Franchisees and their addresses and telephone numbers as of December 31, 2024. Exhibit F lists the Regional Developers who have signed RDAs for which were not yet operational as of December 31, 2024, and also lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every Regional Developer who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Regional Developer during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the Issuance Date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave System.

There are no trademark-specific franchisee organizations associated with the franchise system being offered that have requested to be included in this Disclosure Document.

In some instances, current and former Regional Developers signed provisions restricting their ability to speak about their experience with Redline Athletics. You may wish to speak with current and former Regional Developers but be aware that not all such Regional Developers will be able to communicate with you.

ITEM 21: FINANCIAL STATEMENTS

We have not been in business long enough to provide the financial statements generally required by this Item. Attached to this Disclosure Document as Exhibit D is an unaudited opening balance sheet of Phoenix Franchising Group LLC dated January 4, 2025.

ITEM 22: CONTRACTS

- Regional Developer Agreement with State-Specific Addenda (Exhibit B)
- Owner's Guaranty and Assumption of Obligations (Exhibit 4 to Regional Developer Agreement)
- General Release (Exhibit G)

ITEM 23: RECEIPTS

Exhibit J includes Receipts acknowledging that you received this Disclosure Document. Please return one Receipt to us and retain the other for your records. If you are missing these Receipts, please contact us at this address or telephone number:

Phoenix Franchising Group, LLC
14000 North Hayden Road, Suite 101
Scottsdale, Arizona 85260
Telephone: (480) 386-9708
www.Redlineathletics.com

EXHIBIT A
STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Following is information about our agents for service of process, as well as state agencies and administrators whom you may wish to contact with questions about Phoenix Franchising Group, LLC.

Our agent for service of process in the State of Arizona is:

Gallagher & Kennedy Service Corporation
2575 E. Camelback Road, Suite 100
Phoenix, Arizona 85016

**DIRECTORY OF FRANCHISE REGULATORS, STATE ADMINISTRATORS,
AND AGENTS FOR SERVICE OF PROCESS**

Federal Franchise Regulators:
Federal Trade Commission
Division of Marketing Practices
Seventh and Pennsylvania Avenues, N.W., Room 238
Washington, DC 20580
202-326-2970

List of State Administrators

CALIFORNIA:
Department of Financial Protection and Innovation
1-866-275-2677

Los Angeles
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500

Sacramento
2101 Arena Blvd.
Sacramento, CA 95834
(916) 445-7205

San Diego
1455 Franzee Road, Suite 315
San Diego, CA 92108
(619) 610-2093

San Francisco
One Sansome Street, Suite 600
San Francisco, CA 94104
(415) 972-8559

HAWAII:
Commissioner of Securities Department of Commerce and
Consumer Affairs, Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS:
Illinois Attorney General
500 South Second Street

2025 (PFG) Redline Athletics
Franchise Disclosure Document (RD)
Exhibit A State Administrators and Agents for Service of Process
10290487v1/43212-0003

Springfield, IL 62706
(217) 782-4465

INDIANA:
Securities Commissioner Securities Division, Room E-111
302 West Washington Street, Indianapolis, IN 46204
(317) 232-6681

MARYLAND:
Office of the Attorney General, Division of Securities
200 St. Paul Place, Baltimore, MD 21202-2020
(410) 576-6360

MICHIGAN:
Kathryn Barron
Franchise Administrator Antitrust and Franchise Unit
Consumer Protection Division, Department of Attorney General
670 Law Building, 525 W. Ottawa Street, Lansing, MI 48913
(517) 373-7117

MINNESOTA:
Commissioner Department of Commerce
85 7th Place East, Suite #280, St. Paul, MN 55101
(651) 539-1600

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

NORTH DAKOTA:
North Dakota Securities Department, State Capitol, 5th Floor
600 East Boulevard Avenue, Bismarck, ND 58505-0510
(701) 328-2910

OREGON:

Div. of Finance & Corp. Securities
(608) 266-8557
Department of Consumer & Business Services, Room 410
350 Winter Street, NE, Salem, OR 97301-3881
(503) 378-4140

RHODE ISLAND:

Department of Business Regulation Securities Division
Bldg. 69, First Floor, John O. Pasture Center
1511 Pontiac Avenue, Cranston, Rhode Island 02920
(401) 462-9585

SOUTH DAKOTA:

Franchise Administrator Division of Insurance, Securities
Regulation, 124 South Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

VIRGINIA:

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

WASHINGTON:

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

WISCONSIN:

Division of Securities Bureau of Regulation & Enforcement
Department of Financial Institutions, 4th Floor
345 W. Washington Avenue
Madison, WI 537

List of Agents for Service of Process

CALIFORNIA

Commissioner of Financial Protection and Innovation
Department of Financial Protection and Innovation
2101 Arena Blvd.
Sacramento, CA 95834

DELAWARE

Corporation Service Company
251 Little Falls Drive
Wilmington, Delaware 19808

HAWAII

Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, IL 62706

INDIANA

Securities Commissioner
Indiana Secretary of State
201 State House
Indianapolis, IN 46204

MARYLAND

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020
410.576.6360

MICHIGAN

Michigan Department of Commerce
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, MI 48910

MINNESOTA

Minnesota Commissioner of Commerce
85 7th Place East, Suite #280
St. Paul, MN 55101
651-539-1600

NEW YORK

New York Secretary of State
99 Washington Avenue
Albany, NY 12231-0001

NORTH DAKOTA

Securities Commissioner of North Dakota
State Capitol, 5th Floor
600 East Boulevard Avenue
Bismarck, ND 58505

RHODE ISLAND

Director of Department of Business Regulation
Securities Division
John O. Pastore Center, Bldg. 69, 1st Floor
1511 Pontiac Avenue
Cranston, RI 02920
(401) 462-9585

SOUTH DAKOTA

Director
Division of Insurance
Securities Regulation
124 S. Euclid Suite 104
Pierre, SD 57501
(605) 773-3563

VIRGINIA

Clerk, Virginia State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219
(804) 371.9733

WASHINGTON

Director, Securities Division
Department of Financial Institutions
150 Israel Road, SW
Tumwater, WA 98501

WISCONSIN

Wisconsin Commissioner of Securities
Department of Financial Institutions, 4th Floor
345 W. Washington Avenue
Madison, WI 53703

EXHIBIT B

REGIONAL DEVELOPER AGREEMENT



REDLINE ATHLETICS, LLC

REGIONAL DEVELOPER AGREEMENT

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EXHIBITS

EXHIBIT 1- DEVELOPMENT AREA AND DEVELOPMENT RIGHTS

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EXHIBIT 5- STATE-SPECIFIC ADDENDA TO REGIONAL DEVELOPER AGREEMENT

REGIONAL DEVELOPER AGREEMENT

THIS REGIONAL DEVELOPER AGREEMENT (the "Agreement") is made and entered into this _____ day of _____, 20____, (the "Effective Date"), by and between Phoenix Franchising Group, LLC, an Arizona limited liability company ("Company" "Franchisor" "we" "us" or "our") and _____, a _____ ("Regional Developer" or "you"), with reference to the following facts:

A. This Agreement has been written in an informal style to make it more easily readable and to be sure that you are thoroughly familiar with all of the important rights and obligations the Agreement covers before you sign it. This Agreement includes several exhibits, all of which are legally binding and are an integral part of the complete Regional Developer Agreement. We refer to you as "you," or "Regional Developer." If you are a corporation, partnership, or limited liability company, you will notice certain provisions that are applicable to those principal shareholders, partners, or members on whose business skill, financial capability, and personal character we are relying in entering into this Agreement. Those individuals will be referred to in this Agreement as "Principal Owners."

B. Through the expenditure of considerable time, effort, and money, we and our affiliates have devised a system for the establishment and operation of specialized training centers (each a "Redline Performance Center") that offer sports performance training products and services to the public, with a focus on ages 8 through 18 (the "Redline Program") Our atmosphere is recreational, professional, and educational (all of these characteristics are referred to in this Agreement as the "System"). We identify the System by the use of certain trademarks, service marks and other commercial symbols, including the word marks "Redline Athletics[®]", Redline[®]", "Redline[®] Sports Performance Centers", and certain associated taglines, designs, artwork, and logos, which we may change or add to from time to time (the "Marks").

C. From time to time we grant to persons who meet our qualifications, the right to operate Redline Athletics Regional Developer Businesses who will open and operate or solicit and assist Franchisees in opening and operating an agreed number of Redline Performance Centers within a defined geographic area (the "Development Area") (the "Development Rights").

D. Regional Developer desires to establish a business (a "Regional Developer Business") under which it will solicit, qualify, train, and assist franchisees ("Franchisees") to build and operate Redline Performance Centers within the Development Area, and we desire to grant to Regional Developer the right to operate the Regional Developer Business in accordance with the terms and upon the conditions contained in this Agreement.

WHEREFORE, IT IS AGREED:

1. GRANT OF RIGHTS. Subject to the terms of this Agreement, we hereby grant to Regional Developer, and Regional Developer hereby accepts the rights, during the Initial Term, to solicit, screen, qualify for final approval by us, train, and assist Franchisees to open and operate Redline Performance Centers in the Development Area.

2. REGIONAL DEVELOPER'S DEVELOPMENT OBLIGATION.

2.1 Minimum Development Obligations and Development Schedule.

(a) Regional Developer shall solicit, screen, qualify, train, and assist Franchisees to construct, equip, open, and operate the total number of Redline Performance Centers set forth in Exhibit

2 (the "Minimum Development Obligation"), in the manner and within each of the time periods specified therein (the "Development Schedule") within the Development Area.

(b) Each Franchise shall be the subject of a separate Franchise Agreement (as defined herein). We and the Franchisee shall enter into our then-current form of franchise agreement (the "Franchise Agreement").

(c) Redline Performance Centers which are the subject of a Franchise Agreement executed pursuant to this Agreement shall be counted in determining whether the Minimum Development Obligation shall have been met within the applicable Development Schedule.

(d) During the Term, if we or you wish to establish additional Redline Performance Centers within the Development Area over and above the Minimum Development Obligation, and we have determined, in our sole discretion, that the Development Area can sustain such additional Redline Performance Centers, you have the right to purchase the development rights for such additional Redline Performance Centers within thirty (30) days of receipt of our written offer or your written request, as applicable, to purchase the development rights for such additional Redline Performance Centers at the price set forth in Exhibit 1. If you decline our offer to purchase or fail to pay the amount due for such additional Redline Performance Centers before the end of the thirty (30) day period, we reserve the right establish and operate, and/or to grant other persons the right to establish and operate, such additional Redline Performance Centers within your Development Area. You will not receive any portion of the Initial Franchise Fees or Royalty Fees for any Redline Performance Centers for which you decline to purchase the development rights.

2.2 Regional Developer Sales Office and Opening. Regional Developer shall establish and operate a franchise sales office ("Regional Developer Sales Office" or "Sales Office") from any location you choose. We will not approve or disapprove of the location of the Sales Office. You must open your Regional Developer Business within 30 days after you receive your initial training from us, or 90 days after signing your Regional Developer Agreement, whichever occurs first.

3. EXCLUSIVITY.

3.1 Territorial Rights. Except as provided in Section 3.2, as long as this Agreement is in effect, and you are in compliance with this Agreement, and meet the Minimum Development Obligation set forth in this Agreement, then we and our affiliates will not operate, establish or grant another Regional Developer Business offering Redline Performance Centers in your Development Area.

3.2 Rights Maintained by Company. We (and any affiliates that we might have from time to time) shall at all times have the right to engage in any activities we deem appropriate that are not expressly prohibited by this Agreement, whenever and wherever we desire, including, but not limited to:

(a) establish and operate Redline Performance Centers and Regional Developer Businesses, and grant right to other persons to establish and operate Redline Performance Centers or Regional Developer Businesses, on any terms and conditions we deem appropriate and at any locations other than within your Development Area;

(b) establish and operate Redline Performance Centers and/or grant other persons the right to establish and operate Redline Performance Centers within your Development Area to the extent that such additional Redline Performance Centers exceed the total number of franchises you are authorized to develop within your Development Area as set forth in Exhibit 1, and you decline to purchase the right to develop such additional Redline Performance Centers;

(c) acquire the assets or ownership interest of one or more businesses providing Products and Services similar to those provided at Redline Performance Centers, and franchising, licensing, or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating, including within your Development Area; and

(d) be acquired (regardless of the form of transaction) by a business providing Products and Services similar to those provided at Redline Performance Centers, or by another business, even if such business operates, franchises and/or licenses competitive businesses within your Development Area.

4. TERM. The initial term of this Agreement (the "Initial Term") shall be for a period of ten (10) years commencing on the Effective Date, unless sooner terminated in accordance with the provisions of Section 13. Regional Developer shall have the right to extend the Term for an additional period of ten (10) years ("Renewal Term") if (i) Regional Developer has substantially complied with the Minimum Development Obligation and all of the other terms of this Agreement during the Initial Term; (ii) Regional Developer and all of its Principal Owners and their spouses sign our general release form; (iii) we and Regional Developer mutually agree on new Minimum Development Obligations for the Development Area for the extension period; and (iv) Regional Developer has paid a renewal fee equal to twenty-five percent (25%) of the original Development Fee set forth in Section 7. Under the general release, Regional Developer and its Principal Owners and their spouses will waive any and all claims against us, our affiliates, and our and their owners, officers, directors, employees, agents, successors, and assigns. If Regional Developer wishes to extend the Initial Term, Regional Developer must notify us in writing no more than one hundred eighty (180) days and no less than ninety (90) days before the Initial Term would otherwise expire. The Initial Term and Renewal Term are collectively referred to as the "Term."

5. ADDITIONAL OBLIGATIONS OF COMPANY AND REGIONAL DEVELOPER.

5.1 Regional Developer Training. Within sixty (60) days after the Effective Date, but no later than thirty (30) days before you open your Regional Developer Business for business, we or our designee will provide approximately two (2) days of training to Regional Director on the operation of a Regional Developer Business. This training program may include classroom training and/or hands-on training and will be conducted at our corporate headquarters in Scottsdale, Arizona, and/or at any other location(s) we designate. Regional Developer must complete the initial training to our satisfaction and participate in all other activities we require before soliciting Franchisees in the Development Area. Although we provide this training at no additional cost to Regional Developer, Regional Developer must pay all travel and living expenses which it and its attendees incur. We will not approve or disapprove of the site where you choose to operate your Regional Developer Business.

(a) If we determine that Regional Developer cannot complete initial training to our satisfaction, we may, at our option, either (1) require Regional Developer to attend additional training at Regional Developer's expense (for which we may charge reasonable fees -not to exceed \$500/day), or (2) terminate this Agreement.

(b) Regional Developer shall participate in periodic webinars and sales calls scheduled by us for Regional Developer Businesses and attend a national business meeting or convention of up to three days each year. We may also require Regional Developer to attend up to two (2) additional or refresher training courses each year at our corporate offices, or another location we designate. We may charge reasonable fees for these courses, conventions, webinars, sales calls, and programs. Regional Developer is responsible for all travel and living expenses.

(c) Because you are not required to operate Redline Performance Centers it is unlikely that you will be required to organize or alter your business structure to ensure compliance with the laws that are applicable to Franchisees. We are not obligated to provide assistance in determining which specific state laws apply to you or Redline Performance Centers within your Development Area.

5.2 Regional Developer Manual.

(a) We shall grant access to our Regional Developer manual (the "Manual for RDS") and of our operations manual for Redline Performance Centers ("Manual for Locations") (collectively referred to as the "Manuals") to Regional Developer. Regional Developer shall conduct all business activities in strict accordance with our standard operational methods and procedures as prescribed from time to time in the Manual for RDS. As used in the Agreement, the term "Manuals" shall be deemed to include the Manuals delivered or made available to Regional Developer, all amendments to the Manuals, and all supplemental bulletins, notices and memoranda which prescribe standard methods or techniques of operation, and which we may from time to time deliver to Regional Developer.

(b) We shall have the right to modify or supplement the Manuals. Such modifications and supplements shall be effective and binding on Regional Developer after notice thereof is mailed or otherwise delivered to Regional Developer. Regional Developer acknowledges and agrees that modifications of and supplements to the Manuals may obligate Regional Developer to invest additional capital or incur higher operating costs.

(c) The Manuals are our property and may not be duplicated, saved, downloaded, copied, disclosed, or disseminated in whole or in part in any manner except with our express prior written consent. Regional Developer shall maintain the confidentiality of the Manuals. Upon the termination of this Agreement, Regional Developer shall delete all copies of the Manuals.

5.3 General Guidance. We will provide guidance to Regional Developer in the Manuals and other bulletins or other written materials, by electronic distribution, and/or by telephone consultation. If Regional Developer requests and we agree to provide additional or special guidance, assistance, or training, Regional Developer must pay our then-applicable charges, including our personnel's per diem charges and any travel and living expenses.

5.4 Franchise Registration and Disclosure. Neither Regional Developer nor any representative of Regional Developer shall solicit Prospective Franchisees until we have registered our current Franchise Disclosure Document in applicable jurisdictions in the Development Area and have provided Regional Developer with the requisite documents, or at any time when we notify Regional Developer that our registration is not then in effect, or our documents are not then in compliance with applicable law. If Regional Developer's activities pursuant to this Agreement require the preparation, amendment, registration, or filing of information or any disclosure or other documents, then all requisite disclosure documents, ancillary documents, and registration applications shall be prepared and filed by us or our designee, and registration secured, before Regional Developer may solicit Prospective Franchisees for Redline Performance Centers. Costs of such registration applicable to Regional Developer shall be borne by Regional Developer. In particular, Regional Developer shall:

(a) prepare and forward to us verified financial statements of Regional Developer in such form and for such periods as shall be designated by us, including audited financial statements, if necessary and appropriate to comply with applicable legal disclosure, filing, or other legal requirements;

(b) promptly provide all information reasonably required by us to prepare all requisite disclosure documents and ancillary documents for the offering of franchises throughout the Development Area; and

(c) execute all documents required to comply with applicable franchise registration laws in the Development Area.

Regional Developer agrees to review all information pertaining to Regional Developer prepared to comply with legal requirements for selling franchises in the Development Area and verify its accuracy if so requested by us. Regional Developer acknowledges that we and our affiliates and designees shall not be liable to Regional Developer for any errors, omissions or delays which occur in the preparation of such materials.

5.5 Investigation and Qualification of Prospective Franchisees.

(a) We will screen, qualify, and process applications from Prospective Franchisees in your Development Area sourced from leads generated by third party marketing firms retained by us on Regional Developer's behalf.

(b) Each Redline Performance Center opened by a Franchisee pursuant to this Agreement shall be the subject of a separate Franchise Agreement with us, in our then-current form of Franchise Agreement. Regional Developer shall have no right to modify or offer to modify any Franchise Agreement or other contract.

(c) If we shall approve a Franchisee and a prospective franchise location, Regional Developer shall transmit to such Franchisee for execution copies of our then-current Franchise Agreement pertaining to the approved site and providing for a protected territory surrounding said Redline Performance Center, as determined by us.

(d) Regional Developer shall investigate the qualifications of each prospective Franchisee ("Prospective Franchisees") and the suitability of each prospective franchise location in the Development Area in accordance with our standards, policies and procedures relating to qualification of Franchisees then in effect and shall obtain all information required of Prospective Franchisees by us.

(e) After Regional Developer is satisfied that a Prospective Franchisee meets the standards established by us, Regional Developer may recommend to us the approval of such Prospective Franchisee. Regional Developer shall then furnish to us all information relating to the Prospective Franchisee which shall be required by us in the form and manner customarily required by us.

(f) We may conduct or obtain such credit reports and background checks on Prospective Franchisees as we deem necessary or convenient. We may then approve or disapprove a Prospective Franchisee for any reason and may seek further information with respect to the Prospective Franchisee. Regional Developer shall cooperate with us in any further investigation of the Prospective Franchisee. If we reject a Prospective Franchisee, we will provide Regional Developer with a written explanation of the reasons therefor.

(g) Regional Developer shall deliver to us a copy of all correspondence with Franchisees, which are material to the franchise relationship, concurrently with its being sent or promptly after it is received by Regional Developer.

(h) Regional Developer shall ensure that each Franchisee within your Development Area conducts a legal review of the laws applicable to Franchised Businesses within the Franchisee's state, and that such legal review is provided to us within thirty (30) days of signing their Franchise Agreement.

5.6 Training and Support. Regional Developer agrees to implement any training programs developed by us for Redline Performance Centers and to provide such assistance and services as we shall reasonably request and require from time to time in connection with the construction, equipping and opening of Redline Performance Centers within the Development Area, the sourcing of equipment, fixtures, furnishings, inventory and supplies for such Redline Performance Centers, the advertising and promotion of such Redline Performance Centers, and the supervision of the use, and compliance with our quality control standards in the use of the Marks at such Redline Performance Centers. All services and assistance provided to Franchisees in connection with the operation of Redline Performance Centers located in the Development Area will be provided by Regional Developer and such obligations of Regional Developer will not be transferred, delegated, or subcontracted to any other person.

5.7 Inspection of Redline Performance Centers and Operations. Regional Developer shall conduct inspections of all of the Redline Performance Centers in the Development Area and review the operations of all Redline Performance Centers in the Development Area, in accordance with the standards from time to time established by us, upon such schedules and according to such procedures as shall be agreed upon by us and Regional Developer, acting in good faith, but, in any event, at least once during each calendar quarter. Regional Developer shall provide reports to us with respect to the findings of such inspections, in such form and at such time as we shall require. We reserve the right to conduct periodic inspections of your Regional Developer Business to ensure that you are in compliance with this Agreement, the Manual for RDS, standards, and any of our other written directives.

5.8 Promotional and Marketing Activities in the Development Area. Regional Developer shall participate in all promotion and marketing activities required by us of our Regional Developers, as required in the Regional Developer Agreement, Franchise Agreements, or otherwise.

6. OPERATING STANDARDS.

6.1 Standard of Service. Regional Developer shall at all times give prompt, courteous, and efficient service to Redline Performance Centers in the Development Area. Regional Developer shall, in all dealings with Franchisees, Prospective Franchisees and the public, adhere to the highest standards of honesty, integrity, fair dealings, and ethical conduct.

6.2 Compliance with Laws and Good Business Practices. Regional Developer shall secure and maintain in force all required licenses, permits and certificates relating to Regional Developer's activities under this Agreement and operate in full compliance with all applicable laws, ordinances, and regulations. Regional Developer acknowledges being advised that many jurisdictions have enacted laws concerning the advertising, sale, renewal, and termination of, and continuing relationship between parties to a franchise agreement, including, without limitation, laws concerning disclosure requirements. Regional Developer agrees promptly to become aware of and to comply with all such laws and legal requirements in force in the Development Area and to utilize only disclosure documents that we have approved for use in the applicable jurisdiction.

6.3 Accuracy of Information. Before it solicits a Prospective Franchisee, Regional Developer shall each time take reasonable steps to confirm that the information contained in any written materials, agreements and other documents related to the offer or sale of franchises is true, correct, and not misleading at the time of such offer or sale and that the offer or sale of such franchise will not at that time be contrary to or in violation of any applicable state law related to the registration of the franchise offering. We shall

provide Regional Developer with any changes to our disclosure documents and other agreements on a timely basis and, upon request, provide Regional Developer with confirmation that the information contained in any written materials, agreements or documents being used by Regional Developer is true, correct and not misleading, except for information specifically relating to disclosures regarding Regional Developer. If Regional Developer notifies us of an error in any information in our documents, we shall have a reasonable period of time to attempt to correct any deficiencies, misrepresentations, or omissions in such information.

6.4 Notice of Litigation. Regional Developer shall notify us in writing within five (5) days after the commencement of any action, suit, arbitration, proceeding, or investigation, or the issuance of any order, writ, injunction, award and decree, by any court agency or other governmental instrumentality, which names Regional Developer or any of its Owners or otherwise concerns the operation or financial condition of Regional Developer, the Regional Developer Business or any Franchisee.

6.5 Insurance. Regional Developer shall, at all times during the term of this Agreement, maintain in force, at Regional Developer's sole expense, insurance written on an occurrence basis for the Regional Developer Business of the types, in the amounts and with such terms and conditions as we may from time to time prescribe in the Regional Developer Manual or otherwise. All of the required insurance policies shall name us and affiliates designated by us as additional insureds, contain waivers of the insurance company's right of subrogation against us and the designated affiliates, and provide that we will receive thirty (30) days' prior written notice of termination, expiration, cancellation, or modification of such policy. You are responsible for any and all claims, losses, or damages, including to third persons, originating from, in connection with, or caused by your failure to name us as an additional insured on each insurance policy. You agree to defend, indemnify, and hold us harmless of, from, and with respect to any such claims, loss or damage arising out of your failure to name us as additional insured, which indemnity shall survive the termination or expiration and non-renewal of this Agreement. Notwithstanding the existence of such insurance, you are and will be responsible for all loss or damage and contractual liability to third persons originating from or in connection with the operation of the Regional Developer Business, and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom; and you agree to defend, indemnify and hold us harmless of, from, and with respect to any such claims, loss or damage, which indemnity shall survive the termination or expiration and non-renewal of this Agreement. In addition to the requirements of the foregoing paragraphs of this Section 6.5, you must maintain any and all insurance coverage in such amounts and under such terms and conditions as may be required in connection with your lease or purchase of any premises used to operate your Regional Developer Business. Your obligation to maintain insurance coverage as described in this Agreement will not be reduced in any manner by reason of any separate insurance we maintain on our own behalf, nor will our maintenance of that insurance relieve you of any obligations under this Agreement. If you fail to pay the premiums for insurance required to operate your franchise, we may obtain insurance for you, and you will be required to reimburse us within ten (10) days of receipt of a demand for reimbursement from us. We will have the right to debit your account the amounts owed to us for such premiums if you fail to pay us within ten (10) days of our request for reimbursement.

6.6 Proof of Insurance Coverage. Regional Developer will provide proof of insurance to us before beginning operations of its Regional Developer Business. This proof will show that the insurer has been authorized to inform us in the event any policies lapse or are cancelled or modified. We have the right to change the types, amount, and terms of insurance that Regional Developer is required to maintain by giving Regional Developer prior reasonable notice. Noncompliance with these insurance provisions shall be deemed a material breach of this Agreement, and in the event of any lapse in insurance coverage, we shall have the right, in addition to all other remedies, to demand that Regional Developer cease operations of its Regional Developer Business until coverage is reinstated or, in the alternative, to pay any delinquencies in premium payments and charge the same back to Regional Developer.

6.7 Advertising Requirements, Funds, and Cooperatives.

(a) Minimum Advertising Requirement. You must meet the minimum advertising requirement we establish for your Regional Developer Business ("Minimum Advertisement Requirement"). We and you agree that your timely, monthly payment of the Development Marketing Fee shall satisfy the Minimum Advertising Requirement.

(b) RD Ad Fund.

(i) Each Regional Developer must contribute such amounts that we periodically require to the RD Ad Fund. The current contribution amount is one percent (1%) of your share of any initial franchise fees you are due under the Regional Developer Agreement and 1% of your share of any Royalty Fees you are due under the Regional Developer Agreement. See Item 6 for the amount of your required contribution to RD Ad Fund. We have the right to increase or decrease your contribution to the RD Ad Fund upon thirty (30) days written notice to you. The maximum contribution to the RD Ad Fund we may require from you will be two percent (2%) of your share of any Initial Franchise Fees or Royalty Fees you are due under your Regional Developer Agreement. Any Regional Developer Business owned by us must also contribute to the RD Ad Funds on the same basis as you.

(ii) We will direct all marketing programs financed by the RD Ad Fund, and will have sole discretion over the creative concepts, materials and endorsements used by the RD Ad Fund, and the geographic, market, and media placement and allocation of any RD Ad Fund. RD Ad Fund contributions will be used primarily to promote and support the sale of Franchised Businesses. RD Ad Fund contribution may be used to pay the costs of administering such a program, including employing personnel, and paying for advertising and marketing activities that we deem appropriate, including the costs of participating in any national or regional trade shows.

(iii) The RD Ad Fund will be accounted for separately from our other funds and will not be used to pay any of our general operating expenses, except for salaries, administrative costs, and overhead costs that we incur in activities reasonably related to the administration of the RD Ad Fund. We may spend in any fiscal year an amount greater or less than the aggregate contributions to the RD Ad Fund in that year, and the RD Ad Fund may borrow from us or other lenders to cover the RD Ad Fund's deficits or invest any surplus for future use by the RD Ad Fund. We will prepare an annual statement of monies collected and costs incurred by the RD Ad Fund and will provide it to you upon written request.

(iv) We may cause the RD Ad Fund to be incorporated or operated through an entity separate from us when we deem appropriate, and the entity will have the same rights and duties as we do under a Regional Developer agreement. We do not have to ensure that the RD Ad Fund's expenditures in or affecting any geographic area are proportionate or equivalent to the contributions made by any Regional Developer in that geographic area, or that any Regional Developer will benefit from the development of advertising and marketing materials or the placement of advertising by the RD Ad Fund directly or in proportion to the Regional Developer's contribution to the RD Ad Fund. We assume no direct or indirect liability or obligation to you or any other franchise in connection with the establishment of an RD Ad Fund, or the collection, administration, or disbursement of monies paid into the RD Ad Fund.

(v) We may suspend contributions to, and the operations of, the RD Ad Fund for any period we deem appropriate and may terminate an RD Ad Fund upon 30 days' written notice to you. All unspent monies held by the RD Ad Fund on the date of termination will be distributed to us, our affiliates, and you and our other Regional Developers in proportion to each party's respective contributions to the RD Ad Fund during the preceding 12-month period. We may reinstate a terminated RD Ad Fund

upon the same terms and conditions set forth in this Agreement upon 30 days' advance written notice to you.

6.8 Approval of Advertising. Prior to their use by Regional Developer, samples of all advertising and promotional materials not prepared or previously approved by us shall be submitted to us for approval, which approval shall not be unreasonably withheld. Regional Developer shall not use any advertising or promotional materials that we have not approved or have disapproved. Regional Developer acknowledges and understands that certain states require the filing of franchise sales advertising materials with the appropriate state agency prior to dissemination. Regional Developer agrees fully and timely to comply with such filing requirements at Regional Developer's own expense unless such advertising has been previously filed with the state by us. We may charge Regional Developer for the costs incurred by us in printing large quantities of advertising and marketing materials supplied by us to Regional Developer at Regional Developer's request.

6.9 Websites. As used in this Agreement, the term "Website" means an interactive electronic document contained in a network of computers linked by communications software that refers to the Marks, System, and Redline Performance Centers, and includes but is not limited to, Internet and World Wide Web pages. You agree that you will not establish a separate Website for your Regional Developer Business, nor will you use any social media website, applications, or platforms, such as Facebook, Instagram, LinkedIn, etc., in connection with your franchise without our express written consent.

6.10 Accounting, Bookkeeping and Records. Regional Developer shall maintain at its Sales Office in the Development Area all original invoices, receipts, checks, contracts, licenses, acknowledgement of receipt forms, and bookkeeping and business records we require from time to time. Regional Developer shall furnish to us, within ninety (90) days after the end of Regional Developer's fiscal year, a balance sheet and profit and loss statement (audited by a CPA, if requested by us) for Regional Developer's business for such year (or a monthly or quarterly statement if required by us, in which case such statements also shall reflect year-to-date information). In addition, upon our request, within ten (10) days after such returns are filed, exact copies of federal and state income, sales and any other tax returns and such other forms, records, books, and other information as we periodically require regarding Regional Developer's business, shall be furnished to us. Regional Developer shall maintain all records and report of the business conducted pursuant to this Agreement for at least two (2) years after the date of termination or expiration of this Agreement.

6.11 Reports. Regional Developer shall, as often as required by us, deliver to us a written report of its Regional Developer Business activities in such form and detail as we may from time to time specify, including information about efforts to solicit Prospective Franchisees, the status of pending real estate transactions, and the status of Redline Performance Centers.

6.12 Computer Systems.

(a) Regional Developer agrees to use the computer systems and operating software ("Computer System") that we specify from time to time in the development and operation of the Regional Developer's business. You acknowledge that we may modify such specifications and the components of the Computer System from time to time. As part of the Computer System, we may require you to obtain specified computer hardware and/or software, including without limitation a license to use proprietary software developed by us or others. Our modification of such specifications for the components of the Computer System may require you to incur costs to purchase, lease and/or obtain by license new or modified computer hardware and/or software, and to obtain service and support for the Computer System during the term of this Agreement. You acknowledge that we cannot estimate the future costs of the Computer System (or additions or modifications thereto), and that the cost to you of obtaining the Computer System (or

additions or modifications thereto), including software, may not be fully amortizable over the remaining term of this Agreement. Nonetheless, you agree to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (or additions or modifications thereto). Within sixty (60) days after you receive notice from us, you agree to obtain the components of the Computer System that we designate and require. You further acknowledge and agree that we and our affiliates have the right to charge a reasonable systems fee for software or systems installation services; modifications and enhancements specifically made for us or our affiliates that are licensed to you; and other maintenance and support Computer System related services that we or our affiliates furnish to you. You will have sole responsibility for: (1) the acquisition, operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained, and upgraded.

(b) The Company will provide you with its proprietary office management software (the "Company Software"), which you will be required to install onto the Computer System and use in the operation of your Regional Developer Business. You will pay us a Technology Fee in exchange for your use of the Company Software.

6.13 Management of Business. You must personally participate in the direct operation of your Regional Developer Business. If you do not personally participate in the direct operation of your Regional Developer Business on a full-time basis, then you are obligated to have a fully trained Manager operate the Regional Developer Business. We believe that only a person with an equity interest can adequately ensure that our standards of quality and competence are maintained. We require that you be directly involved in the day-to-day operations and utilize your best efforts to promote and enhance the performance of the Franchised Business. Any Manager you employ at the launching of your franchise operations must complete the initial management-training course required by the Company. All subsequent Managers must be trained fully according to our standards by either the Regional Developer or the Company. However, the Company may charge a fee for this additional training.

7. FEES.

7.1 Development Fee. Regional Developer shall pay to us a non-refundable "Development Fee" payable upon execution of this Agreement in the amount specified on Exhibit 1 to this Agreement. If we require Regional Developer to acquire an in-depth demographic analysis of the Development Area, Regional Developer shall also purchase the demographic analysis from us or our designated supplier for the then-applicable fee.

7.2 Development Marketing Fee. You will pay us, on a monthly basis, via ACH, EFT, or similar electronic transaction, a marketing fee to assist you in the development of your Development Area (the "Development Marketing Fee"). The Development Marketing Fee you will pay us is based upon the number of unsold licenses in your Development Area. If you have ten (10) or more unsold licenses in your Development Area, the Development Marketing Fee is \$1,000 per month. If you have less than ten unsold licenses, the Development Marketing Fee is \$750 per month.

7.3 Technology Fee. You are required to pay a monthly technology fee which allows you to access our intranet site, including, training programs and the Company Software. The monthly technology fee is currently \$325/month. We may increase the technology fee upon written notice to you. In addition, we may, at any time and from time to time, contract with one or more software providers, business service providers, or other third parties (individually, a "Service Provider") to develop, license, or otherwise provide to or for the use and benefit of you and other franchisees the Company Software, software applications, and

software maintenance and support services related to the Computer System that you must or may use in accordance with our instructions with respect to your Computer System.

8. PAYMENTS TO REGIONAL DEVELOPER.

8.1 Initial Fee Commission and Conditions of Payment. During the term of this Agreement, Regional Developer shall be paid a commission, as set forth in this Section, paid from the initial franchise fees paid by Franchisees and/or Regional Developer for the purchase of Redline Performance Centers to be located within the Development Area (the "Initial Fee Commission"), subject to fulfillment of the following conditions: (a) the Franchisee was referred to us by Regional Developer; (b) the Franchisee (or Regional Developer) executes a Franchise Agreement with us and an initial franchise fee has been paid to and actually received by us (we shall not be deemed to have received any fees paid into escrow, if applicable, until such fees actually have been remitted to us); and (c) Regional Developer has complied with all of its other obligations under this Agreement with respect to such sale and has verified the same to us in writing in a form prescribed by us. The Initial Fee Commission with respect to the sale of Redline Performance Center franchises shall be forty percent (40%) of the initial franchise fee paid for each Redline Performance Center franchise that is sold by Regional Developer pursuant to this Agreement minus any broker's fees or sales commissions, if any, and will be payable to Regional Developer within twenty (20) days after the conditions of this Section 8.1 have been fulfilled.

8.2 Commissions on Royalty Fees. We shall pay to Regional Developer on the 10th day of the month after royalty payments are actually received by us from each Franchisee located in the Development Area:

(a) From Redline Performance Center Franchisees. Three percent (3%) of the gross revenues (which excludes advertising and marketing fees) actually received by us from each Franchisee located in the Development Area during the applicable period pursuant to their Franchise Agreement ("Royalty Fees").

(b) The terms "gross revenues" shall, for purposes of this Agreement, mean the total of all revenue and receipts derived from the operation of a Redline Business, including all amounts received at or away from the site of a Redline Performance Center, or through the business the Franchisee conducts (such as fees for the sale of any service or product, gift certificate sales, and revenue derived from products sales, whether in cash or by check, credit card, debit card, barter or exchange, or other credit transactions); and excludes only sales taxes collected from customers and paid to the appropriate taxing authority, and all customer refunds and credits the Franchisee actually makes. Notwithstanding the foregoing, if Regional Developer fails to conduct the periodic inspections described in Section 5.7 with respect to one (1) or more Franchisees located in the Development Area or fails to perform any of the other services described in Section 5 of this Agreement with respect to one (1) or more Franchisees located in the Development Area during any applicable month, then Regional Developer shall not be entitled to receive commissions on Royalty Fees with respect to such Franchisees for the period during which reports or services were not provided.

8.3 Commissions After Termination. All payments under this Section 8 shall immediately and permanently cease after the expiration or termination of this Agreement, although Regional Developer shall receive all amounts which have accrued to Regional Developer prior to effective date of expiration or termination.

8.4 Application of Payments. Our payments to Regional Developer shall be based on amounts actually collected from Franchisees, not on payments accrued, due or owing. In the event of termination of a Franchise Agreement within the Development Area, we shall apply any payments received from a

Franchisee to pay past due indebtedness of that Franchisee for Royalty Fees, advertising contributions, purchases from us or our affiliates, interest, or any other indebtedness on that Franchisee to us or our affiliates. To the extent that such payments are applied to a Franchisee's overdue Royalty Fee payments, Regional Developer shall be entitled to its pro rata share of such payments, less its pro rata share of the costs of collection paid to third parties.

8.5 Setoffs. Regional Developer shall not be allowed to set off amounts owed to us for fees or other amounts due under this Agreement against any monies owed to Regional Developer by us, which right to set-off, is hereby expressly waived by Regional Developer. We shall be allowed to set off against amounts owed to Regional Developer for commissions, Royalty Fees, or other amounts due under this Agreement any monies owed to us by Regional Developer.

9. MARKS.

9.1 Ownership and Goodwill of Marks. Regional Developer's right to use the Marks is derived only from this Agreement and is limited to Regional Developer's operation of its Regional Developer Business. Regional Developer's unauthorized use of the Marks is a breach of this Agreement and infringes our rights in the Marks. Regional Developer acknowledges and agrees that Regional Developer's use of the Marks and any goodwill established by that use are for our exclusive benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon Regional Developer (other than the right to operate a Regional Developer Business under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional and substitute trademarks and service marks we authorize Regional Developer to use.

9.2 Limitations on Regional Developer's Use of Marks. Regional Developer may not use any Mark: (1) as part of any corporate or legal business name; (2) with any prefix, suffix or other modifying words, terms, designs, symbols other than logos we have licensed to Regional Developer; (3) in selling any unauthorized services or products; (4) as part of any domain name, electronic address or search engine, without our consent; or (5) in any other manner we have not expressly authorized in writing. Regional Developer may not use any Mark in advertising the transfer, sale, or other disposition of Regional Developer's business under this Agreement or an ownership interest in Regional Developer (if a corporation, partnership, limited liability company or another business entity holds the Regional Developer Business at any time during this Agreement's term) without our prior written consent.

9.3 Notification of Infringements and Claims. Regional Developer agrees to notify us immediately of any apparent infringement of or challenge to Regional Developer's use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us and our attorneys and Regional Developer's attorneys regarding any infringement, challenge, or claim. We may take any action we deem appropriate (including no action) and exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising from any infringement, challenge or claim or otherwise concerning any Mark. Regional Developer agrees to sign any documents and take any actions that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

9.4 Discontinuance of Use of Marks. If we believe at any time that it is advisable for us and/or Regional Developer to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, Regional Developer agrees to comply with our directions within a reasonable time after receiving notice. We need not reimburse Regional Developer for Regional Developer's expenses in complying with these directions, for any loss of revenue due to any modified or

discontinued Mark, or for Regional Developer's expenses of promoting a modified or substitute trademark or service mark.

9.5 Indemnification for Use of Marks. We agree to indemnify and reimburse Regional Developer against and for all damages for which Regional Developer is held liable in any trademark infringement proceeding arising out of Regional Developer's authorized use of any Mark pursuant to and in compliance with this Agreement, and for all costs Regional Developer reasonably incurs in the defense of any such claim in which Regional Developer is named as a party, so long as Regional Developer has timely notified us of the claim, and have otherwise complied with this Agreement. At our option, we may defend and control the defense of any proceeding relating to any Mark. We have the exclusive right to control any litigation or other proceeding arising out of any actual or alleged infringement, challenge, or claim relating to any Marks. Regional Developer agrees to sign any documents, render any assistance, and do any acts that our attorneys say is necessary or advisable in order to protect and maintain our interests in any litigation or proceeding related to the Marks, or to otherwise protect and maintain our interests in the Marks.

10. CONFIDENTIAL INFORMATION.

10.1 We possess (and may continue to develop and acquire) certain confidential information relating to the development and operation of Redline Performance Centers and Regional Developer Businesses (the "Confidential Information"), which includes (without limitation): site selection criteria; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge and experience used in developing and operating Redline Performance Centers and Regional Developer Businesses; marketing research and promotional, marketing, and advertising programs for Redline Performance Centers and Regional Developer Businesses; knowledge of specifications for and suppliers, and methods of ordering, certain operating assets and products that Redline Performance Centers and Regional Developer Businesses use; knowledge of the operating results and financial performance of Redline Performance Centers and Regional Developer Businesses; customer communication and retention programs, along with data used or generated in connection with those programs; graphic designs and related intellectual property; information generated by or used or developed in the operation of Redline Performance Centers and Regional Developer Businesses, including customer names, addresses, telephone numbers and related information; and any other information designated confidential or proprietary by us. Regional Developer acknowledges and agrees that by entering into this Agreement, Regional Developer will not acquire any interest in Confidential Information, other than the right to use certain Confidential Information in accordance with this Agreement, and that Regional Developer's use of any Confidential Information in any other business would constitute an unfair method of competition with us and our Franchisees.

10.2 Regional Developer acknowledges and agrees that the Confidential Information is proprietary, includes our trade secrets, and is disclosed to Regional Developer only on the condition that Regional Developer agrees:

- (a) will not use any Confidential Information in any other business or capacity;
- (b) will keep the Confidential Information absolutely confidential during and after this Agreement's term;
- (c) will not make unauthorized copies of any Confidential Information disclosure via electronic medium or in written or other tangible form;

(d) will adopt and implement all reasonable procedures that we periodically prescribe to prevent unauthorized use or disclosure of Confidential Information, including, without limitation: (i) restricting its disclosure to Regional Developer's personnel and Franchisees needing to know such Confidential Information in order to develop and operate the Redline Performance Centers; and (ii) requiring those having access to Confidential Information to sign confidentiality and non-disclosure agreements. We have the right to regulate the form of agreement that Regional Developer uses and to be a third party beneficiary of that agreement with independent enforcement rights; and

(e) will not sell, trade, or otherwise profit in any way from the Confidential Information, except using methods approved by us.

10.3 All ideas, concepts, techniques, or materials relating to Redline Performance Centers or Regional Developer Businesses, whether or not protectable intellectual property and whether created by or for Regional Developer or its employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, by this paragraph, Regional Developer assigns ownership of that item, and all related rights to that item, to us and agrees to sign whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the item.

10.4 "Confidential Information" does not include information, knowledge, or know-how which is or becomes generally known in business consulting industry or which Regional Developer knew from previous business experience before we provided it to Regional Developer (directly or indirectly) or before Regional Developer attended our initial training program. If we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that the exclusion in this paragraph is fulfilled.

11. ASSIGNABILITY.

11.1 Assignability by Company. We have the right to assign this Agreement, or any of our rights and privileges under this Agreement to any other person, firm or corporation, without Regional Developer's prior consent, and we shall not be liable for any obligations accruing under this Agreement after the effective date of such assignment; provided the Assignee shall expressly assume and agree to perform our obligations under this Agreement and is reasonably capable of performing them. We have the right, but not the obligation, to cause a subsidiary or affiliate of ours to perform any or all of our obligations and exercise any or all of our rights under this Agreement and under any Franchise Agreement, and to require Regional Developer to perform any or all of its obligations hereunder, in favor or such subsidiary or affiliate, by delivery of written notice thereof to Regional Developer.

11.2 Assignments by Regional Developer. We have entered into this Agreement in reliance upon and in consideration of the singular personal skills, character, aptitude, business ability, financial capacity and qualifications of Regional Developer and the trust and confidence reposed in Regional Developer or, in the case of a business entity Regional Developer, its owners (individually, a "Principal Owner"). Therefore, neither Regional Developer's interest in this Agreement nor any of its rights or privileges hereunder shall be assigned or transferred, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner, without our prior written approval. Any assignment or transfer without our approval is a breach of this Agreement and has no effect.

11.3 In this Agreement, the term "Transfer" includes any voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition and includes the following events:

(a) transfer of record or beneficial ownership of capital stock in Regional Developer (if Regional Developer is a corporation), a partnership or membership interest (if Regional Developer is a partnership or limited liability company), or any other ownership interest or right to receive all or a portion of Regional Developer's profits or losses;

(b) a merger, consolidation or exchange of shares or other ownership interests, or issuance of additional ownership interest or securities representing or potentially representing shares or other ownership interests, or a redemption of shares or other ownership interests;

(c) any sale or exchange of voting interests or securities convertible to voting interests, or any agreement granting the right to exercise or control the exercise of the voting rights of any Principal Owner or to control Regional Developer's operations or affairs;

(d) transfer of an interest in Regional Developer, this Agreement, or Regional Developer Business or its assets (or any right to receive all or a portion of Regional Developer's business' profits or losses or any capital appreciation relating to the Regional Developer's business) in a divorce, insolvency or entity dissolution proceeding, or otherwise by operation of law;

(e) if Regional Developer or an Owner (if Regional Developer is a business entity) dies, transfer of an interest in Regional Developer, this Agreement, or the Regional Developer Business or its assets (or any right to receive all or a portion of Regional Developer's or the Regional Developer Business profits or losses or any capital appreciation relating to the Regional Developer Business) by will, declaration or transfer in trust, or under the law of intestate succession; or

(f) pledge of this Agreement (to someone other than us) or of an ownership interest in Regional Developer (if Regional Developer is a business entity) as security, foreclosure upon the Development Area franchises, or Regional Developer's transfer, surrender, or loss of the regional development franchise possession, control, or management.

11.4 Conditions for Approval of Assignment or Transfer. We may impose any reasonable condition(s) to the granting of our consent to such assignments. Without limiting the generality of the foregoing, the imposition by us of any or all of the following conditions to our consent to any such assignment shall be deemed to be reasonable:

(a) that the Assignee (or the principal officers, shareholders, directors, or general partners of the Assignee in the case of a business entity Assignee) demonstrates that it has the skill, qualifications, and economic resources necessary, in our judgment, reasonably exercised, to own and operate the Regional Developer Business;

(b) that Regional Developer has paid all amounts owed to us;

(c) that the Assignee shall expressly assume in writing for our benefit all of the obligations of Regional Developer under this Agreement and any other agreements proposed to be assigned to such Assignee;

(d) that neither the Assignee nor its owners or affiliates operates, has an ownership interest in, or performs services for a Competitive Business (defined in Section 12.2);

(e) that the Assignee shall have completed (or agreed to complete) our training program;

(f) that the Assignee signs our then-current form of Regional Developer Agreement, the provisions of which may differ materially from any and all of those contained in this Agreement, and the term of which shall be the remaining term of this Agreement;

(g) that as of the date of any such assignment, the assignor shall have strictly complied with all of its obligations to us, whether under this Agreement or any other agreement, arrangement or understanding with us;

(h) that the Assignee is not then in default of any of the obligation to us under any agreement between such Assignee and us;

(i) that the assignor shall pay to us a transfer fee of Thirty Thousand Dollars (\$30,000), except for Transfers pursuant to Section 11.5 below;

(j) that the assignor and the assignor's spouse (if any) shall sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their respective shareholders, officers, directors, employees, representatives, agents, successors and assigns; and

(k) that assignor will not directly or indirectly at any time or in any manner identify himself, herself or itself or any business as a current or former Redline Performance Center or as one of our Franchisees or Regional Developers, use any Mark, any colorable imitation of a Mark, or other indicia of a Redline Performance Center or Regional Developer Business in any manner or for any purpose, or utilize for any purpose any trade name, trademark, service mark or other commercial symbol that suggests or indicates a connection or association with us.

Regional Developer shall not in any event have the right to pledge, encumber, charge, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever without our express prior written permission, which permission may be withheld for any reason whatsoever in our sole subjective judgment.

11.5 Assignment to Entity Principally Controlled by You. The Regional Developer Business and its assets and liabilities may be assigned to a newly formed corporation or other legal entity that conducts no business other than the operation of the Regional Developer Business and in which you and any of your principals own and control in the aggregate not less than ninety percent (90%) of the equity and voting power of all outstanding capital stock or ownership interest, provided as follows:

(a) that the proposed transferee complies with the provisions of this Agreement; and

(b) that you are empowered to act for said corporation or other legal entity; and

(c) that you shall submit to us documentation that we may reasonably request to effectuate the transfer, including the approving and acknowledging execution of this Agreement; and

(d) that you shall submit to us a true and complete list of the shareholders, members, or partners, showing number of shares or interests owned, and a list of the officers and directors if a corporation or managers if a limited liability company, or managing partners if a partnership. We shall be promptly notified of any changes in said lists; and

(e) that all certificates of shares or interests issued by transferee at any time shall be endorsed thereon the appropriate legend to conform with state law, referring to this Agreement by date and

name of parties hereto and stating, "Transfer to This Certificate is Limited by the Terms and Conditions of a Regional Development Agreement dated _____;" and

(f) that a copy of this Agreement shall be given to every shareholder, member, or partner; and

(g) that a copy of the organizational documents and any corporate resolutions and a Certificate of Good Standing will be furnished to us at our reasonable request, and prompt notification in writing of any amendments thereto will be provided to us; and

(h) that the number of shares or interests issued or outstanding in the transferee will not be increased or decreased without prior written notice to us, which notice will in its terms guarantee compliance with this Agreement. In addition, new shareholders, members of partners must be approved by use and agree to be bound by this entire Agreement. Shareholders, members, or partners may make a separate agreement among them providing for purchase by the survivors amount them of the shares of any shareholders or interests of any members or partners upon death, or other agreements affecting ownership or voting rights, so long as voting control and a majority representation of the board of directors or members or partners remains with those individuals who initially applied for and were approved as Franchisees under this Agreement. Shareholders, members, or partners must notify us in writing of any such agreement which affects control of the transferee.

11.6 Death or Disability.

(a) Upon the death or disability of Regional Developer or an Owner, the executor, administrator, conservator, guardian, or other personal representative must assign, sell, or transfer Regional Developer's interest in this Agreement, the Regional Developer Business and its assets, or the Owner's ownership interest in Regional Developer, to a third party approved by us. That transfer (including, without limitation, transfer by bequest or inheritance) must occur, subject to our rights, within a reasonable time, not to exceed nine (9) months from the date of death or disability and is subject to all of the terms and conditions in this Section 11. A failure to transfer such interest within this time period is a breach of this Agreement. The term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent Regional Developer from supervising the Development Area management and operation for ninety (90) or more consecutive days.

(b) If, upon the death or disability of Regional Developer or an Owner, a trained manager who we approve is not managing the day-to-day operations, then the executor, administrator, conservator, guardian or other personal representative must, within a reasonable time not to exceed thirty (30) days from the date of death or disability, appoint a manager that we must approve to operate the Regional Developer Business. The manager must, at Regional Developer's or the Owner's estate's expense, satisfactorily complete the training we designate with the specified time period.

11.7 Company's Right of First Refusal.

(a) If Regional Developer at any time determines to sell or transfer an interest in this Agreement or the Regional Developer Business, or if Owner determines to sell or transfer a controlling ownership interest in Regional Developer, then Regional Developer or the Owner, as applicable (the "Seller") must obtain from a responsible and fully disclosed buyer, and send us a true and complete copy of a bona fide, executed written offer relating exclusively to an interest in Regional Developer or this Agreement and the Regional Developer Business. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid,

bona fide offer, the proposed purchase price must be in a fixed dollar amount and without any contingent payments of purchase price (such as earn-out payments).

(b) We may, by delivering written notice to the Seller within fifteen (15) days after we receive both an exact copy of the offer and all other information requested, elect to purchase the interest for the price and on the terms and conditions contained in the offer, provided that: (1) we may substitute cash for any form of payment proposed in the offer; (2) our credit will be deemed equal to the credit of any proposed buyer; (3) the closing will be not less than thirty (30) days after notifying the Seller of our election to purchase or, if later, the closing date proposed in the offer; and (4) we must receive, and the Seller agrees to make, all customary representations and warranties, given by the seller of the assets of a business or ownership interests in a legal entity, as applicable, including, without limitation, representations and warranties regarding ownership and condition of, and title to, assets and (if applicable) ownership interests and validity of contracts and the liabilities, contingent on otherwise, relating to the assets or ownership interests being purchased. If we exercise our right of first refusal, the Seller agrees that, for two (2) years beginning on the closing date, the Seller and members of its immediate family will be bound by the non-competition covenant contained in Section 12.2 below.

(c) If we do not exercise our right of first refusal, the Seller may complete the sale to the proposed buyer on the original offer's terms, subject to our approval of the transfer as provided above. If the Seller does not complete the sale to the proposed buyer within sixty (60) days after we notify the Seller that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which the Seller must let us know promptly), we will have an additional right of first refusal during the thirty (30) day period following either the expiration of the sixty (60) day period or receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our option.

11.8 Ownership Structure. Regional Developer represents and warrants that all persons holding direct or indirect, legal, or beneficial ownership interests in Regional Developer (collectively, the "Owners") are listed in Exhibit 3 and that its ownership structure is as set forth on Exhibit 3. In consideration of, and as an inducement to, the execution of this Agreement, each Owner of the Regional Developer and their respective spouses shall personally and unconditionally sign our form Guaranty and Acceptance of Obligations (Exhibit 4), guarantying to us and our successors and assigns that the Regional Developer will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and agreeing to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement. Regional Developer shall not change its ownership structure without complying with all of the terms and conditions of this Section 11. Within ten (10) days of any change in Regional Developer's ownership structure, Regional Developer shall submit a revised Exhibit 3 to us showing the new ownership structure, and any new Owners shall sign our form Guaranty and Acceptance of Obligations (Exhibit 4).

12. NON-COMPETITION.

12.1 During the Term of this Agreement, neither Regional Developer, any of the owners of Regional Developer ("Principal Owners"), nor any member of Regional Developer's or a Principal Owner's immediate family will have any direct or indirect interest (e.g., through a spouse) as a disclosed or beneficial owner, investor, partner, director, officer, controlling shareholder, employee, consultant, representative or agent, or in any other capacity, in a Competitive Business (defined below), whether located within or outside the Development Area, unless we shall first consent thereto in writing.

12.2 For an eighteen (18) month period following the assignment, expiration, or termination of this Agreement, for any reason, neither Regional Developer, any Principal Owner, nor any member of

Regional Developer's or a Principal Owner's immediate family will have any direct or indirect interest (e.g., through a spouse) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in any Competitive Business located or operating: (a) within the Development Area; (b) within the Development Area of any of our other Regional Developers, (c) within twenty-five (25) miles of any Redline Performance Center or Regional Developer Business in operation or development on the date of assignment, expiration or termination; or (d) within any unsold development areas. The term "Competitive Business" means any business which derives more than Fifty-Thousand Dollars (\$50,000) of revenue per year from sports performance training classes, programs, education, and services and related retail products, or any business which grants franchises or licenses to others to operate such a business, other than a Redline Performance Center operated under a Franchise Agreement with us.

13. TERMINATION.

13.1 Termination by Company. We may terminate this Agreement, effective upon written notice of termination to Regional Developer, if:

- (a) Regional Developer or one of its Owners makes or attempts to make a transfer in violation of Section 11;
- (b) Regional Developer fails to meet the Minimum Development Obligation for any period of the Development Schedule;
- (c) Regional Developer has made or makes a material misrepresentation or omission in acquiring the rights under this Agreement or in operating the Regional Developer Business;
- (d) Regional Developer does not satisfactorily complete initial training;
- (e) Regional Developer is convicted by a trial court of, or pleads no contest to, a felony;
- (f) Regional Developer fails to maintain the insurance we require from time to time;
- (g) Regional Developer or an Owner engages in any dishonest, unethical, or illegal conduct or any other conduct which, in our opinion, adversely affects our reputation, the reputation or other Redline Performance Centers or the goodwill associated with the Marks;
- (h) Regional Developer knowingly makes any unauthorized use or disclosure of any part of the Manuals or any other Confidential Information;
- (i) Developer (a) fails on three (3) or more separate occasions within any twenty-four (24) consecutive month period to submit when due reports or other data, information or supporting records, pay when due any amounts due to us (or our affiliates), or otherwise comply with this Agreement, whether or not Regional Developer corrects any of these failures after we deliver written notice to Regional Developer; or (b) fails on two (2) or more separate occasions within any twelve (12) consecutive month period to comply with the same obligations under this Agreement, whether or not Regional Developer corrects either of the failures after we deliver written notice to Regional Developer;
- (j) Regional Developer makes an assignment for the benefit of creditors or admits in writing insolvency or inability to pay debts generally as they become due; Regional Developer consents to the appointment of a receiver, trustee or liquidator of all or the substantial part of the assets of the Regional

Developer Business; or the assets of the Regional Developer Business are attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant or levy is vacated within thirty (30) days following the order' entry;

(k) Regional Developer fails to comply with any other provision of this Agreement and does not correct the failure within thirty (30) days after we deliver written notice of the failure to Regional Developer;

(l) Regional Developer fails to pay any sums due to us and does not correct the failure within ten (10) days after we deliver written notice of that failure to Regional Developer; or

(m) Another agreement between Franchisor and Regional Developer or a Principal Owner or affiliate of Regional Developer is terminated.

13.2 Rights and Obligations Upon Termination or Expiration. Upon the expiration of the Initial Term or Renewal Term, as the case may be, or upon the earlier termination of this Agreement, Regional Developer shall have no further right to construct, equip, own, open, or operate additional Redline Performance Centers (except pursuant to a Franchise Agreement between Regional Developer and us which is in full force and effect on the date of expiration or termination). Upon expiration or termination of this Agreement, we may ourselves construct, equip, open, own or operate, or license others to construct, equip, open, own or operate Redline Performance Centers in the Development Area, except as provided in any Franchise Agreement executed pursuant to this Agreement. When this Agreement expires or is terminated for any reason and except as required to perform Regional Developer's obligations under a valid Franchise Agreement with us, Regional Developer shall:

(a) not directly or indirectly at any time thereafter or in any manner: (a) identify itself or any business as a current or former Regional Developer or ours; (b) use any Mark, any colorable imitation of a Mark, any trademark, service mark or commercial symbol that is confusingly similar to any Mark or other indicia of an Redline Performance Center in any manner or for any purpose; or (c) use for any purpose any trade name, trademark, service mark or other commercial symbol that indicates or suggests a connection or association with us;

(b) take the actions required to cancel all fictitious or assumed name or equivalent registrations relating to Regional Developer's use of any Mark;

(c) deliver to us within thirty (30) days all advertising, marketing and promotional material, forms and other materials containing any Mark or otherwise identifying or relating to the Regional Developer Business or to a Redline Performance Center;

(d) if applicable, notify all search engines of the termination or expiration of Regional Developer's right to use all domain names, Websites and other search engines associated directly or indirectly with the Marks or Redline Performance Centers and authorize those search engines to transfer to us or our designee all rights to the domain names, Websites and search engines relating to the Marks or Redline Performance Centers. We have the absolute right and interest in and to all domain names, Websites and search engines associated with the Marks or Redline Performance Centers, and Regional Developer hereby authorizes us to direct all applicable parties to transfer Regional Developer's domain names, Websites and search engines to us or our designee if this Agreement expires or is terminated for any reason whatsoever. All parties may accept this Agreement as conclusive of our right to such domain names, Websites and search engines and this Agreement will constitute the authority from Regional Developer for all parties to transfer all such domain names, Websites, and search engines to us;

(e) immediately cease using any of our Confidential Information in any business or otherwise, destroy any copies of the Manuals, and cease accessing the online version Manuals and/or any other confidential materials that we have made available to Regional Developer; and

(f) give us, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactory to us of Regional Developer's compliance with these obligations.

13.3 Termination Fee. In the event Regional Developer terminates this Agreement or ceases to do business, or Company terminates this Agreement pursuant to Paragraph 13.1 of this Agreement, the Regional Developer shall pay Company a termination fee equal to one-half of our highest then-current development fee for Regional Developer Businesses, plus our attorneys' fees and costs incurred in connection with the early termination.

14. MEDIATION AND ARBITRATION.

14.1 Mediation. If a dispute arises under this Agreement, the parties agree to try to settle the dispute through good-faith participation in a mediation conducted by a mediator who is acceptable to both parties before proceeding to arbitration. However, we will not be required to proceed with mediation if we elect to enforce this Agreement or to seek temporary or permanent injunctive relief as provided above.

14.2 Arbitration. Except insofar as we elect to enforce this Agreement or to seek temporary or permanent injunctive relief as provided above, all controversies, disputes or claims arising between us, our affiliates, owners, officers, directors, agents and employees (in their representative capacity) and you (and your Principal Owners and guarantors) arising out of or related to: (i) this Agreement or any provision thereof or any related agreement (except for any lease or sublease with us or any of our affiliates); (ii) the relationship of the parties hereto; (iii) the validity of this Agreement or any related agreement, or any provision thereof; or (iv) any specification, standard or operating procedure relating to the establishment or operation of the Regional Developer Business, shall be submitted for arbitration to be administered by the office of the American Arbitration Association. Such arbitration proceedings shall be conducted in Maricopa County, Arizona, and, except as otherwise provided in this Agreement, shall be conducted in accordance with the commercial arbitration rules of the American Arbitration Association then in effect. The arbitrator shall have the right to award or include in his award any relief which he or she deems proper in the circumstances, including without limitation, money damages (with interest on unpaid amounts from date due), specific performance, injunctive relief, attorneys' fees, and costs. The award and decision of the arbitrator shall be conclusive and binding on all parties to this agreement and judgment on the award may be entered in any court of competent jurisdiction. Each party waives any right to contest the validity or enforceability of such an award. The provisions of this Paragraph are intended to benefit and limit third party non-signatories and will continue in full force and effect subsequent to and notwithstanding expiration or termination of this Agreement. The parties agree that arbitration shall be conducted on an individual, not a class-wide basis, and that any such arbitration shall not be consolidated with any other arbitration proceeding.

15. GENERAL CONDITIONS AND PROVISIONS.

15.1 Relationship of the Parties.

(a) You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously in all dealings with customers, suppliers, public officials, employees, and others as the owner of your Redline Athletics

business under a franchise we have granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials we require from time to time.

(b) We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchisee. We will not be obligated for any damages to any person or property directly or indirectly arising out of your operation of the business you conduct under this Agreement.

(c) We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes, whether levied upon you or your Redline Athletics business, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any taxes that we must pay to any state taxing authority on account of either your operation or payments that you make to us.

15.2 Indemnification. To the fullest extent permitted by law, Regional Developer agrees to indemnify, defend and hold harmless us, our affiliates, and our and their respective shareholders, directors, officers, employees, agents, representatives, successors and assigns (the "Indemnified Parties") from and against, and to reimburse any one or more of the Indemnified Parties for any and all claims, obligations and damages directly or indirectly arising out of: (1) the Regional Developer Business conducted by Regional Developer pursuant to this Agreement, (2) Regional Developer's breach of this Agreement, or (3) Regional Developer's non-compliance or alleged non-compliance with any law, ordinance, rule or regulation. For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, punitive or otherwise) and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness' fees, costs of investigation and proof of facts, court costs, travel and living expenses and other expenses of litigation, arbitration or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend and control the defense of any claim against it which is subject to this indemnification at Regional Developer's expense, and Regional Developer may not settle any claim or take any other remedial, corrective, or other actions relating to any claim without our consent. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from an insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against Regional Developer. Regional Developer agrees that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from Regional Developer.

15.3 Waiver and Delay. Except as otherwise expressly provided to the contrary, no waiver by us of any breach or series of breaches or defaults in performance by the Regional Developer, and no failure, refusal or neglect of or by us to exercise any right, power or option given to us under this Agreement or under any other agreement between us and Regional Developer, whether entered into before, after or contemporaneously with the execution of this Agreement (and whether or not related to this Agreement) or to insist upon strict compliance with or performance of the Regional Developer's obligations under this Agreement or any other agreement between us and Regional Developer, whether entered into before, after or contemporaneously with the execution of this Agreement (and whether or not related to this Agreement), shall constitute a novation, or a waiver of the provisions of this Agreement with respect to any subsequent breach thereof or a waiver of our right at any time thereafter to require exact and strict compliance with the provisions thereof.

15.4 Survival of Covenants. The covenants contained in this Agreement which, by their terms, require performance by the parties after the expiration or termination of this Agreement or ancillary

agreements, shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

15.5 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the legal representatives, successors and assigns of us and Regional Developer.

15.6 Joint and Several Liability. If either party consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to the other under this Agreement are joint and several.

15.7 Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) and except for all issues relating to arbitrability or the enforcement or interpretation of the agreement to arbitrate set forth in Section 14 that will be governed by the United States Arbitration Act (9 U.S.C. § 1 et seq.) and the federal common law relating to arbitration, this Agreement and the Regional Developer Business will be governed by the internal laws of the State of Arizona (without reference to its choice of law and conflict of law rules), except that the provisions of any Arizona law relating to the offer and sale of business opportunities or franchises or governing the relationship of a franchisor and its franchisees will not apply unless their jurisdictional requirements are met independently without reference to this Section. You agree that we may institute any action against you arising out of or relating to this Agreement (which is not required to be arbitrated hereunder or as to which arbitration is waived) in any state or federal court of general jurisdiction in Maricopa County, Arizona, and you irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such court.

15.8 Consent to Jurisdiction. Subject to Section 14 and the provisions below, Regional Developer and its owners agree that all actions arising under this Agreement or otherwise as a result of the relationship between Regional Developer and us must be commenced in the State of Arizona, and in the state or federal court of general jurisdiction closest to where our principal business address then is located, and Regional Developer (and its Owners) irrevocably submits to the jurisdiction of those courts and waives any objection Regional Developer (or its owners) might have with either the jurisdiction of or venue in those courts. Nonetheless, Regional Developer and any of its Owners agree that we may enforce this Agreement and any arbitration orders and awards in the courts of the state or states in which Regional Developer or its Owners are domiciled.

15.9 Waiver of Punitive Damages and Jury Trial. Except for Regional Developer's obligation to indemnify us under Section 15.2 above and except where authorized by federal statute, we and Regional Developer and its Owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us and Regional Developer, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. We and Regional Developer irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party.

15.10 Limitation of Claims. Any and all claims arising out of or relating to this Agreement or our relationship with Regional Developer, except for claims for indemnification under Section 15.2 above, will be barred unless a judicial or arbitration proceeding is commenced within one (1) year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claims.

15.11 Entire Agreement. This Agreement and the Exhibits incorporated in the Agreement contain all of the terms and conditions agreed upon by the parties to this Agreement with reference to the subject matter of this Agreement. No other agreements, and all prior agreements, understanding and representations are merged in this Agreement and superseded by this Agreement. Each party represents to the other that

there are no contemporaneous agreements or understandings between the parties relating to the subject matter of this Agreement that are not contained in this Agreement. This Agreement cannot be modified or changed except by written instrument signed by all of the parties to this Agreement, provided that we may modify or amend the Manuals at any time without notice to, or approval of, Regional Developer or any other person. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits, and amendments.

15.12 Headings. Article and Section headings used in this Agreement are 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.

15.13 Gender. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context or sense of this Agreement or any section or paragraph hereof may require.

15.14 Severability. Except as expressly provided to the contrary in this Agreement, each Section, paragraph, term and provision of this Agreement is severable, and if, for any reason, any part thereof, to be invalid or contrary to or in conflict with any applicable present or future law and regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction, that ruling will not impair the operation or, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties. If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, we and Regional Developer agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of our refusal to enter into a successor agreement, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement is invalid or unenforceable or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provisions to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. Regional Developer agrees to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

15.15 Fees and Expenses. Should any party to this Agreement commence any action or proceeding for the purpose of enforcing, or preventing the breach of, any provision of this Agreement, whether by arbitration, judicial or quasi-judicial action or otherwise, or for damages for any alleged breach of any provision of this Agreement, or for a declaration of such party's rights or obligations under this Agreement, then the prevailing party shall be reimbursed by the losing party for all costs and expenses incurred in connection therewith, including, but not limited to, reasonable attorneys' fees for the services rendered to such prevailing party.

15.16 Notices. Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant to this Agreement shall be deemed so delivered at the time delivered by hand, one (1) business day after transmission by mail, via registered or certified mail, return receipt requested; or one (1) business day after placement with a reputable air courier service, requesting delivery on an expedited basis, postage prepaid and addressed as follows:

If to Franchisor:	Phoenix Franchising Group, LLC 14000 North Hayden Road, Suite 101 Scottsdale, Arizona 85260
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	Telephone: (480) 386-9708 www.Redlineathletics.com Telephone: (480) 386-9708 Attention: T.J. O'Connor E-mail: TJ@Redlineathletics.com
If to Regional Developer:	<hr/> <hr/> <hr/>

Or to such other addresses any such party may designate by ten (10) days' advance written notice to the other party.

15.17 Time of Essence. Time shall be of the essence for all purposes of this Agreement.

15.18 Lien and Security Interest. To secure your performance under this Agreement and indebtedness for all sums due us or our affiliates, we shall have a lien upon, and you hereby grant us a security interest in, the following collateral and any and all additions, accessions, and substitutions to or for it and the proceeds from all of the same: (a) all inventory now owned or after-acquired by you and the Regional Developer Business, including but not limited to all inventory and supplies transferred to or acquired by you in connection with this Agreement; (b) all accounts of you and/or the Regional Developer Business now existing or subsequently arising, together with all interest in you and/or the Regional Developer Business, now existing or subsequently arising, together with all chattel paper, documents, and instruments relating to such accounts; (c) all contract rights of you and/or the Regional Developer Business, now existing or subsequently arising; and (d) all general intangibles of you and/or the Regional Developer Business, now owned or existing, or after-acquired or subsequently arising. You agree to execute such financing statements, instruments, and other documents, in a form satisfactory to us that we deem necessary so that we may establish and maintain a valid security interest in and to these assets.

15.19 Cross-Default. Any default by Regional Developer under any other agreement between Franchisor or its affiliate as one party and Regional Developer or any of Regional Developer's owners or affiliates as the other party, shall be deemed to be a default of this Agreement, and Franchisor shall have the right, at its option, to terminate this Agreement without affording Regional Developer an opportunity to cure, effective immediately upon notice to the Regional Developer.

16. **SUBMISSION OF AGREEMENT**. This Agreement shall not be binding upon us unless and until it shall have been submitted to and signed by our authorized agent, and the date of said signing as set forth on the first page of this Agreement shall be the effective date of this Agreement.

17. **ACKNOWLEDGMENTS**. To induce us to sign this Agreement and grant Regional Developer the rights contained in this Agreement, Regional Developer acknowledges:

17.1 That Regional Developer has independently investigated the Regional Developer Business franchise opportunity and recognizes that, like any other business, the nature of the Regional Developer Business may, and probably will, evolve and change over time.

17.2 That an investment in a Regional Developer Business involves business risks.

17.3 That Regional Developer's business abilities and efforts are vital Regional Developer's success.

17.4 That performing Regional Developer's obligations will require a high level of customer service and strict adherence to the System.

17.5 That Regional Developer has not received or relied upon, and we expressly disclaim making any representation, warranty, or guaranty, express or implied, as to the revenues, profits or success of a Regional Developer Business or any Redline Performance Center.

17.6 That any information Regional Developer has acquired from Franchisees or other Regional Developers regarding their sales, profits or cash flows is not information obtained from us, and we make no representation about that information's accuracy.

17.7 That Regional Developer has no knowledge of any representations made about the Regional Developer Business opportunity by us, our subsidiaries, or affiliates or any of their respective officers, directors, shareholders, or agents that are contrary to the statements made in our Franchise Disclosure Document or to the terms and conditions of this Agreement.

17.8 That in all of their dealing with Regional Developer, our officers, directors, employees, and agents act only in a representative, and not in an individual capacity and that business dealings between Regional Developer and them as a result of this Agreement are only between Regional Developer and us.

17.9 That Regional Developer has represented to us, to induce us to enter into this Agreement, that all statements Regional Developer has made, and all materials Regional Developer has given to us in acquiring the Regional Developer Business are accurate and complete and that Regional Developer has made no misrepresentations or material omissions in obtaining the Regional Developer Business.

17.10 That Regional Developer has read this Agreement and our Franchise Disclosure Document and understands and accepts that the terms and covenants in this Agreement are reasonably necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each Regional Developer Business and Redline Performance Center, and to protect and preserve the goodwill of the Marks.

SIGNATURES ON FOLLOWING PAGE

SIGNATURE PAGE

IN WITNESS WHEREOF, the parties to this Agreement have caused this Agreement to be executed as of the first date set forth above.

PHOENIX FRANCHISING GROUP, LLC, an REGIONAL DEVELOPER:
Arizona limited liability company

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

EXHIBIT 1
DEVELOPMENT AREA AND DEVELOPMENT RIGHTS

Development Fee: _____

The Development Area referred to in Recital D of this Agreement shall be the following geographic area:

The total Development Rights (total number of Redline Performance Centers authorized for development within the Development Area) are:

_____ Redline Performance Centers

If you purchase the right develop additional Redline Performance Centers within your Development Area during the Term, the cost to purchase such additional Redline Performance Centers shall be the greater of \$12,250 or twenty five percent (25%) of the then-current franchise fee for each applicable Redline Business that you purchase. If you do not purchase the right to develop additional Redline Performance Centers, we will have the right, pursuant to Section 2.1(d) of the Agreement, to develop such additional Redline Performance Centers on our own, or to grant the development rights for such additional Redline Performance Centers to others.

Regional Developer's Initials

EXHIBIT 2
MINIMUM DEVELOPMENT OBLIGATION
DEVELOPMENT SCHEDULE

Minimum Development Obligation:

_____Redline Performance Centers

All Redline Performance Centers authorized for development as set forth in Exhibit 1.

Development Schedule:

All Redline Business authorized for development in Exhibit 1 must be open for business within five (5) years of the Effective Date of this Agreement. Accordingly, Regional Developer must sell the last Redline Performance Center franchise agreement authorized for development in Exhibit 1 no later than 4 1/2 years from the Effective Date of this Agreement.

Regional Developer's Initials

EXHIBIT 3
OWNERSHIP STRUCTURE

Owner Name	Owner Address	Percentage Ownership
TOTAL		100%

EXHIBIT 4
OWNER'S GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of the foregoing Regional Developer Agreement dated _____, 20__ ("Agreement") by Phoenix Franchising Group, LLC, an Arizona limited liability company ("we" or "us"), and the Regional Developer ("Franchise Owner"), each of the undersigned owners of the Franchise Owner and their respective spouses ("you" or "Owner"), hereby personally and unconditionally (1) guarantees to us and our successors and assigns that the Franchise Owner will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Regional Developer Agreement or this Agreement, including without limitation, monetary obligations, the obligations to take or refrain from taking certain actions and arbitration of disputes.

Each of you waives (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Guaranty; (2) any right you may have to require that an action be brought against Franchise Owner or any other person as a condition of your liability; (3) all right to payment or reimbursement from, or subrogation against, the Franchise Owner which you may have arising out of your guaranty of the Franchise Owner's obligations; and (4) any and all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantor.

Each of you consents and agrees that (1) your direct and immediate liability under this Guaranty shall be joint and several; (2) you will make any payment or render any performance required under the Agreement on demand if Franchise Owner fails or refuses to do so when required; (3) your liability will not be contingent or conditioned on our pursuit of any remedies against Franchise Owner or any other person; (4) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Franchise Owner or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims; and (5) this Guaranty will continue and be irrevocable during the term of the Agreement and afterward for so long as the Franchise Owner has any obligations under the Agreement.

We possess certain unique confidential and proprietary information and trade secrets consisting of the following categories of information, methods, techniques, products, and knowledge developed by us, including but not limited to: (1) services and products offered and sold at Redline Businesses; (2) knowledge of sales and profit performance of any one or more Redline Businesses; (3) knowledge of sources of products and services sold at Redline Businesses, advertising and promotional programs, and image and decor; (4) Redline Software; (5) methods, techniques, formats, specifications, procedures, information, systems, and knowledge of, and experience in, the development, operation, and franchising of your Redline Performance Centers; and (6) the selection and methods of training employees. We will disclose much of the above-described information to you in advising you about site selection, providing our Initial Training, the Operations Manual, Redline Software, and providing guidance and assistance to you under this Agreement. In addition, in the course of the operation of your Franchise, you or your employees may develop ideas, concepts, methods, or techniques of improvement relating to your Redline Performance Center that you disclose to us, and that we may then authorize you to use in the operation of your Franchise and may use or authorize others to use in other Redline Businesses owned or franchised by us or our affiliates. Any such information disclosed to or developed by you will be referred to in this Agreement as "Confidential Information."

You agree that your relationship with us does not vest in you any interest in the Confidential Information, other than the right to use it in the development and operation of your Redline Performance Center, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information belongs to us, may

contain trade secrets belonging to us, and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form or another form that may be copied or duplicated; and (4) will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including without limitation restrictions on disclosure to your employees, and the use of non-disclosure and non-competition agreements we may prescribe or approve for your shareholders, partners, members, officers, directors, employees, independent contractors, or agents who may have access to the Confidential Information.

During the Term of the Regional Developer Agreement and for an eighteen (18) month period following the assignment, expiration or termination of the Regional Developer Agreement, neither Owner nor an Owner's immediate family will have any direct or indirect interest (e.g., through a spouse) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in any Competitive Business located or operating: (a) within the Development Area; (b) within the Development Area of any of our other Regional Developers, (c) within twenty-five (25) miles of any Redline Performance Center or Regional Developer Business in operation or development on the date of assignment, expiration or termination; or (d) within any prospective development areas that we have made reasonable efforts to sell during the preceding 12 month. The term "Competitive Business" means any business which derives more than Fifty-Thousand Dollars (\$50,000) of revenue per year from sports performance training classes, programs, education, and services and related retail products, or any business which grants franchises or licenses to others to operate such a business, other than a Redline Performance Center operated under a Franchise Agreement with us.

If the scope of any restriction contained in this Guaranty is too broad to permit the enforcement of that restriction to its fullest extent, then that restriction will be enforced to the maximum extent permitted by law, and Franchisor and Franchisee each consents and agrees that the scope may be judicially limited or modified accordingly in any proceeding brought to enforce that restriction. Each provision contained in this Section 10 is independent and severable and, to the extent that any provision is declared by a court of competent jurisdiction to be illegal, invalid, or unenforceable, that declaration will not affect the legality, validity or enforceability of any other provision contained in this Agreement or the legality, validity, or enforceability of that provision in any other jurisdiction.

If we are required to enforce this Guaranty in a judicial or arbitration proceeding, and prevail in such proceeding, we will be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Guaranty, you agree to reimburse us for any of the above-listed costs and expenses incurred by us.

Any capitalized terms not defined herein shall be defined in a manner consistent with the Regional Developer Agreement and/or Franchise Agreement. This Guaranty is now executed as of the date set forth in the first paragraph of this Agreement.

SIGNATURE PAGE

OWNERS

OWNERS' SPOUSES

Printed Name: _____
Date: _____
Address: _____

Printed Name: _____
Date: _____
Address: _____

Printed Name: _____
Date: _____
Address: _____

Printed Name: _____
Date: _____
Address: _____

EXHIBIT 5
STATE-SPECIFIC ADDENDA
TO REGIONAL DEVELOPER AGREEMENT

CALIFORNIA ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

1. California Corporations Code Section 31512.1 -Franchise Agreement Provisions Void as Contrary to Public Policy:

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

- (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
- (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
- (c) Reliance by a franchisee on the franchise disclosure document, including any exhibits thereto.
- (d) Violations of any provision of this division.

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

3. If any of the provisions of the Agreement concerning termination are inconsistent with either the California Franchise Relations Act or with the Federal Bankruptcy Code (concerning termination of the Agreement on certain bankruptcy-related events), then such laws will apply.

4. The Agreement requires that it be governed by Arizona law. This requirement may be unenforceable under California law. Both the governing law and choice of law for franchisees operating outlets located in California, will be the California Franchise Investment Law and the California Franchise Relations Act regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the franchise agreement or amendment to or any agreement to the contrary is superseded by this condition

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

6. The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations, and you are open for business.

7. **Registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the Commissioner.**

8. The highest interest rate allowed by law in California for late payments is ten percent (10%) per annum.

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

10. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this California Addendum to Regional Developer Agreement on the same date as the Regional Developer Agreement was executed.

PHOENIX FRANCHISING GROUP, LLC an **REGIONAL DEVELOPER**
Arizona limited liability company

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

HAWAII ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

1. The Regional Developer Agreements contain a provision requiring a general release as a condition of renewal and transfer of the Regional Developer Business. Such release will exclude claims arising under the Hawaii Franchise Investment Law.

2. Any provisions of your Regional Developer Agreement that relate to non-renewal, termination, and transfer are only applicable if they are consistent with the Hawaii Franchise Investment Law. Otherwise, the Hawaii Franchise Investment Law will control.

3. The Regional Developer Agreement permits us to terminate the Agreement on the bankruptcy of you and/or your affiliates. This Section may not be enforceable under federal bankruptcy law. (11 U.S.C. § 101, *et seq.*).

4. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this Addendum.

5. With respect to franchises governed by Hawaii law and based upon the franchisor's financial condition: initial franchise fees will be deferred until the franchisor has satisfied its pre-opening obligations to the franchisee and the franchisee has commenced business operations. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Hawaii Addendum to Regional Developer Agreement on the same date as Regional Developer Agreement was executed.

PHOENIX FRANCHISING GROUP, LLC an **REGIONAL DEVELOPER**
Arizona limited liability company

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

ILLINOIS ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

- 1. Illinois law governs the agreements between the parties to this franchise.
- 2. Section 4 of the Illinois Franchise Disclosure Act states that any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
- 3. Franchisees rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
- 4. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.
- 5. The Illinois attorney General's Office has imposed the following due to the Franchisor's financial condition: initial franchise (and Development) Fees will be deferred until the franchisor has satisfied its pre-opening obligations to the franchisee and the franchisee has commenced business operations (Section 200.508 of the Rules).
- 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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Illinois Addendum to Regional Developer Agreement on the same date as the Regional Developer Agreement was executed.

PHOENIX FRANCHISING GROUP, LLC an **REGIONAL DEVELOPER**
Arizona limited liability company

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

INDIANA ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

1. Sections 4 and 11.4 each contain a provision requiring a general release as a condition of renewal and transfer of the Regional Developer Business. Such provision is inapplicable under the Indiana Deceptive Franchise Practices Law, IC 23-2-2.7 § 1(5).

2. Under Section 15.2, you will not be required to indemnify us for any liability imposed on us as a result of your reliance on or use of procedures or products which were required by us, if such procedures were utilized by you in the manner required by us.

3. Section 14.2 is amended to provide that arbitration between you and us will be conducted at a mutually agreed-on location.

4. Section 15.7 is amended to provide that in the event of a conflict of law, the Indiana Franchise Disclosure Law, I.C. 23-2-2.5, and the Indiana Deceptive Franchise Practices Law, I.C. 23-2-2.7, will prevail.

5. Nothing in the Agreement will abrogate or reduce any rights you have under Indiana law.

6. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code §§ 23-2-2.7-1 to 23-2-2.7-10, are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Indiana Addendum to Regional Developer Agreement on the same date as the Franchise Agreement was executed.

PHOENIX FRANCHISING GROUP, LLC an **REGIONAL DEVELOPER**
Arizona limited liability company

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

MARYLAND ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Maryland:

1. The provision in the Regional Developer Agreement which provides for termination upon bankruptcy of Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

2. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. A franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Any limitation on the period of time litigation and/or arbitration claims may be brought shall not act to reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the Regional Developer Business.

5. The acknowledgements and representations of Franchisee made in the Regional Developer agreement which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of your Redline Business Law are not intended to nor shall they act to release, estoppel or waive any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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.

PHOENIX FRANCHISING GROUP, LLC an **REGIONAL DEVELOPER**
Arizona limited liability company

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

MINNESOTA ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

1. Section 9 is amended to add the following:

“We will protect your right to use the Marks and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.”

2. Sections 4 and 11.4 each contain a provision requiring a general release as a condition of renewal and transfer of the Regional Developer Business. Such release will exclude claims arising under the Minnesota Franchise Law.

3. Section 13 is amended to add the following:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C. 14, Subds., 3, 4 and 5, which require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for nonrenewal of your Regional Developer Agreement.

4. Section 15.10 is amended as follows:

Pursuant to Minn. Stat. § 80C.17, Subd. 5, the parties agree that no civil action pertaining to a violation of a franchise rule or statute can be commenced more than three years after the cause of action accrues.

5. Sections 15.8, and 15.9 are each amended to add the following:

Minn. Stat. Sec. 80C.2 1 and Minn. Rule 2860.4400J prohibit us from requiring litigation or arbitration to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Regional Developer Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Under this statute and rule, franchisor cannot require you to consent to injunctive relief; however, franchisor may seek injunctive relief from the Court. A court will determine if a bond is required.

6. Section 15.9 is amended to add the following:

Minn. Rule Part 2860.4400J prohibits us from requiring you to waive your rights to a jury trial or waive your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.

7. Each provision of this Agreement will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Minnesota law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this Addendum to the Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Minnesota Addendum to Regional Developer Agreement on the same day as the Regional Developer Agreement was executed.

PHOENIX FRANCHISING GROUP, LLC **REGIONAL DEVELOPER**
an Arizona limited liability company

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

NEW YORK ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

1. Section 11.1 is amended to add the following:

However, we will not make any such transfer or assignment except to a person who, in our good faith judgment, is willing and able to assume our obligations under this Agreement, and all rights enjoyed by you and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

2. Section 15.7 is amended to add the following:

However, all rights enjoyed by you and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

3. Section 15.2 is amended to add the following:

However, you will not be required to hold harmless or indemnify us for any claim arising out of a breach of this Agreement by us or any other civil wrong of us.

4. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the General Business Law of the State of New York are met independently without reference to this Addendum.

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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this New York Addendum to the Regional Developer Agreement on the same date as the Regional Developer Agreement was executed.

PHOENIX FRANCHISING GROUP, LLC an **REGIONAL DEVELOPER**
Arizona limited liability company

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

NORTH DAKOTA ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

- 1. Sections 4 and 11.4 each contain a provision requiring a general release as a condition of renewal or transfer of the Regional Developer Business. Such release is subject to and will exclude claims arising under the North Dakota Franchise Investment Law.
- 2. Section 15.7 and 15.8 will be amended to state that litigation involving a franchise purchased in North Dakota must be held in a location mutually agreed or if the parties cannot agree on a location, at a location to be determined by the arbitrator.
- 3. Section 15.4 is amended to add that covenants not to compete on termination or expiration of a Regional Developer Agreement are generally not enforceable in the State of North Dakota except in limited circumstances provided by North Dakota law.
- 4. Section 15.7 will be amended to add that any claim or right arising under the North Dakota Franchise Investment Law may be brought in the appropriate state or federal court in North Dakota, subject to the arbitration provision of the Agreement.
- 5. Section 15.8 will be amended to state that, in the event of a conflict of law, to the extent required by the North Dakota Franchise Investment Law, North Dakota law will prevail.
- 6. Section 15.9 requires Franchisee to waive a trial by jury, as well as exemplary and punitive damages. These requirements are not enforceable in North Dakota pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law and are therefore not part of the Regional Developer Agreement.
- 7. Section 15.10 requirement that Regional Developer consent to a limitation of claims period of one year is not consistent with North Dakota law. The limitation of claims period under the Regional Developer Agreement shall therefore be governed by North Dakota law.
- 8. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code §§ 51-19-01 through 51-19-17, are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this North Dakota Addendum to the Regional Developer Agreement on the same day as the Regional Developer Agreement was executed.

PHOENIX FRANCHISING GROUP, LLC an **REGIONAL DEVELOPER**
Arizona limited liability company

By: _____

Title: _____

Date: _____

By: _____

Title: _____

Date: _____

RHODE ISLAND ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

1. Sections 4 and 11.4 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Rhode Island Franchise Investment Act.

2. This Agreement requires that it be governed by Arizona law. To the extent that such law conflicts with Rhode Island Franchise Investment Act, it is void under Sec. 19-28.1-14.

3. Section 15.8 of the Agreement will each be amended by the addition of the following, which will be considered an integral part of this Agreement:

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a Regional Developer Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

4. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Rhode Island Franchise Investment Act, §§ 19- 281.1 through 19-28.1-34, are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Rhode Island Addendum to the Regional Developer Agreement on the same date as the Regional Developer Agreement was executed.

PHOENIX FRANCHISING GROUP, LLC an
Arizona limited liability company

REGIONAL DEVELOPER

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

VIRGINIA ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchise to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Regional Developer Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchise to use undue influence to induce a franchisee to surrender any rights given to him under the franchise. If any provision of the Regional Developer Agreement involved the use of undue influence by the Franchisor to induce Franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Virginia Addendum to Regional Developer Agreement on the same date as the Regional Developer Agreement was executed.

PHOENIX FRANCHISING GROUP, LLC an **REGIONAL DEVELOPER**
Arizona limited liability company

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

WASHINGTON ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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.

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

The undersigned does hereby acknowledge receipt of this addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Washington Addendum to Regional Developer Agreement on the same date as the Regional Developer Agreement was executed.

PHOENIX FRANCHISING GROUP, LLC an **REGIONAL DEVELOPER**
Arizona limited liability company

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

EXHIBIT C
TABLE OF CONTENTS OF MANUAL
REGIONAL DEVELOPER OPERATIONS MANUAL

Table of Contents

<u>Subject</u>	<u>Pages (approx.)</u>
Regional Developer Operations	131 pages
Development	44 pages
Total Pages: Approximately 175	

EXHIBIT D
FINANCIAL STATEMENTS

Accrual Balance Sheet
January 3, 2025
Unaudited

		Current Month
ASSETS		
Current Assets		
Cash & Cash Equivalents	\$	-
Restricted Cash		11,043
Accounts Receivable, Net		128,067
Prepaid Expenses		251,886
Other Current Assets		-
Due from Redline		97,475
Deferred Costs, Current		-
Total Current Assets		488,472
Fixed Assets, Net		34,205
Right of Use Assets		224,130
Deferred Costs, Net of Current		1,144,327
Note Receivable, Net of Current		-
Other Assets, Net		17,469
Goodwill		6,283,491
Total Assets	\$	8,192,095
LIABILITIES & EQUITY		
Current Liabilities		
Accounts Payable	\$	190,946
Credit Cards		123,800
Settlement Liability		-
Lease Liability, Current		99,536
Accrued Payroll Liabilities		21,806
Deferred Revenue, Current		750,049
Debt, Current		-
Other Current Liabilities		64
Total Current Liabilities		1,186,201
Lease Liability, Net of Current		124,594
Debt, Net of Current		3,237,941
Deferred Revenue, Net of Current		3,528,073
Other Liabilities		38,910
Total Liabilities		8,115,719
Owner's Equity		-
Retained Earnings		-
Net Income		76,376
Total Equity		76,376
Total Liabilities and Equity	\$	8,192,095

<p>These financial statements have been prepared without an audit. Prospective Franchisees or Sellers of Franchises should be advised that no independent certified public accountant has audited the figures or expressed an opinion with regard to their content or form.</p>

EXHIBIT E
CONFIDENTIALITY/NON-DISCLOSURE AGREEMENT
CONFIDENTIALITY/NONDISCLOSURE AGREEMENT

THIS AGREEMENT made and entered into this _____ day of _____, 20____, by and between Phoenix Franchising Group, LLC, an Arizona limited liability company, (hereinafter referred to as “the Company”) and, whose address is _____ (hereinafter referred to as “Prospective Franchisee”).

WHEREAS, Prospective Franchisee desires to obtain certain confidential and proprietary information from the Company for the sole purpose of inspecting and analyzing said information in an effort to determine whether to purchase a franchise from the Company; and

WHEREAS, the Company is willing to provide such information to Prospective Franchisee for the limited purpose and under the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and promises in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto agree as follows:

1. DEFINITION. “Confidential Information” is used herein to mean all information, documentation and devices disclosed to or made available to Prospective Franchisee by the Company, whether orally or in writing, as well as any information, documentation or devices heretofore or hereafter produced by Prospective Franchisee in response to or in reliance on said information, documentation and devices made available by the Company.

2. TERM. The parties hereto agree that the restrictions and obligations of Paragraph 3 of this Agreement shall be deemed to have been in effect from the commencement on the _____ day of _____, 20____, of the ongoing negotiations between Prospective Franchisee and the Company and continue in perpetuity until disclosed by the Company.

3. TRADE SECRET ACKNOWLEDGEMENT. Prospective Franchisee acknowledges and agrees the Confidential Information is a valuable trade secret of the Company and that any disclosure or unauthorized use thereof will cause irreparable harm and loss to the Company.

4. TREATMENT OF CONFIDENTIAL INFORMATION. In consideration of the disclosure to Prospective Franchisee of Confidential Information, Prospective Franchisee agrees to treat Confidential Information in confidence and to undertake the following additional obligations with respect thereto:

(a) To use Confidential Information for the sole purpose of inspecting and analyzing the information in an effort to determine whether to purchase a franchise from the Company and solely in its operation of Redline Performance Centers pursuant to the Regional Developer Agreement and/or Franchise Agreement;

(b) Not to disclose Confidential Information to any third party;

(c) To limit dissemination of Confidential Information to only those of prospective Redline Franchisees' officers, directors and employees who have a need to know to perform the limited tasks set forth in Item 4 (a) above; and who have agreed to the terms and obligations of this Agreement by

affixing their signatures hereto;

(d) Not to copy, download, save, or preserve any Confidential Information or any portions thereof; and

(e) To return all Confidential Information and all documents, notes, or physical evidence thereof, to the Company upon a determination that Prospective Franchisee no longer has a need therefore, or a request therefore, from the Company, whichever occurs first.

5. SURVIVAL OF OBLIGATIONS. The restrictions and obligations of this Agreement shall survive any expiration, termination or cancellation of this Agreement and shall continue to bind Prospective Franchisee, his heirs, successors and assigns in perpetuity.

6. NEGATION OF LICENSES. Except as expressly set forth herein, no rights to licenses, expressed or implied, are hereby granted to Prospective Franchisee as a result of or related to this Agreement.

7. APPLICABLE LAW. This Agreement shall be construed and enforced in accordance with the laws of the State of Arizona.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed.

PHOENIX FRANCHISING GROUP, LLC an **REGIONAL DEVELOPER**
Arizona limited liability company

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

EXHIBIT F

LIST OF REGIONAL DEVELOPERS

LIST OF REGIONAL DEVELOPERS

REGIONAL DEVELOPERS

Current Regional Developers as of December 31, 2024:

State	Region	Name of Regional Developer	Address	Phone Number
AZ	Arizona	Brad Hinkle, TJ O'Connor, Chance Pearson	14000 Hayden Rd Suite, Scottsdale, AZ 85260	517.262.0234
CA	Los Angeles County	Paul Joseph	3511 Malibu Country Dr. Malibu, California 90265	310.600.5149
CA	Orange County	Emmy & Jeff Tseng, David LeBlond & Tina Wang	31875 Saddletree Dr Westlake Village, CA 91361	323.236.5552
CA	San Diego	James and Holly Campbell	7520 Shadow Estates Way Las Vegas Nevada 89113	702.769.3252
CO	Colorado	Jim Little	730 Grenville Cir, Erie, CO 80516	262.716.6115
DC/MD	Washington DC & Maryland	Mark Lindsey	6003 Henning Street Bethesda, MD 20817	202.465.6213
FL	Miami	TJ O'Connor	15184 Butler Lake Dr #201 Naples, FL 34109	239.821.6739
FL	Tampa	TJ O'Connor	15184 Butler Lake Dr #201 Naples, FL 34109	239.821.6739
FL	North Florida	TJ O'Connor	15184 Butler Lake Dr #201 Naples, FL 34109	239.821.6739
GA	Georgia	Adam Jefferson	2620 Wilderness Drive Little Elm, TX 75068	469.388.2610
IA	Iowa	Travis O'Connor	300 Centennial Drive #295 Noth Sioux City, SD 57049	712.899.2720
IN	Indiana	Steve Mehmert	N35 W28364 Taylors Woods Rd Pewaukee, WI 53072	262.488.4645
MI	Michigan	Christian & Elise Cullen	1281 S Oxford Road Grosse Pointe Woods, MI 48236	910.723.1649
MN/NE	Minnesota & Iowa & Nebraska	Travis O'Connor	300 Centennial Drive #295 Noth Sioux City, SD 57049	712.899.2720
MO/IL	Eastern Missouri & Illinois	Steve Mehmert	N35 W28364 Taylors Woods Rd Pewaukee, WI 53072	262.488.4645
MO/KS	Western Missouri & Eastern Kansas	Lisa & Casey Tinkler	6416 E State Hwy A Strafford, MO 65757	417.880.0826
NC	Eastern North Carolina	Chad (Ralph) Fields	101 Gentlewoods Dr Cary, NC 27518	919.271.5862
NC/SC	Western Carolinas	Brandon Curtis	4295 Acacia Circle Coconut Creek, FL 33066	9546821697

State	Region	Name of Regional Developer	Address	Phone Number
NH/MA	New Hampshire & Massachusetts	Rachel & Elie Elfata	37 Chester Turnpike Auburn, NH 03032	6032890946
NJ	North New Jersey	Kelly & Eric Gillenwater	306 Roanoke Rd Westfield, NJ 07090	201.982.2125
NV/UT	Nevada & Utah	James and Holly Campbell	7520 Shadow Estates Way Las Vegas Nevada 89113	702.769.3252
NY	Northern New York	Anthony Richmond	444 West Lake Road Oswego, NY 13126	315.806.2607
TX	DFW & Austin & Houston	Adam Jefferson	2620 Wilderness Drive Little Elm, TX 75068	469.388.2610
TX	San Antonio	Travis O'Connor	300 Centennial Drive #295 Noth Sioux City, SD 57049	712.899.2720
VA	Virginia	Mark Lindsey	6003 Henning Street Bethesda, MD 20817	202.465.6213
WA	Washington	Tim Hatten	258 SE Orchard Dr #202 North Bend, WA 98045	815.540.2510
WI	Wisconsin	Steve Mehmert	N35 W28364 Taylors Woods Rd Pewaukee, WI 53072	262.488.4645

Signed but Not Opened as of December 31, 2024:

None.

The following lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of Regional Developers who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Regional Developer Agreement with us during our most recently completed fiscal year or who had not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document.

State	Region	Name of Regional Developer	Address	Phone Number
ID/SD/ND/ WY/MT	InterMountain	Blake Kingsley	4961 West Grand Rapids Dr. Meridian, ID 83642	503.686.8423
OH	Northern Ohio	Brett & Jenny Coluccio	4901 Country Walk Ln Sylvania, OH 43560	417.399.6847
OH	Southern Ohio	Tom & Theresa Holderread	1985 Buckeye Field Court Lebanon OH 45036	513.267.9426
OK/AR	Northeast Oklahoma & Northwest Arkansas	Lisa Tinkler	6416 E State Hwy A Strafford, MO 65757	417.880.0826
NM/TX	New Mexico & Northwest Texas	Jodi Medell	460 St Michael's Dr #100 Santa Fe, NM 87505	505.670.0136
PA	Philadelphia	Mark Lindsey	6003 Henning Street Bethesda, MD 20817	202.465.6213

EXHIBIT G
GENERAL RELEASE -FORM

GENERAL RELEASE

THIS GENERAL RELEASE AGREEMENT (“Release”) is made and entered into this _____ day of _____, 20___, by and between Phoenix Franchising Group, LLC, an Arizona limited liability company (“Franchisor”), and _____, a _____ corporation/limited liability company/partnership (circle one) (“Franchisee”), and each shareholder/member/partner of Franchisee and his or her spouse (individually, an “Owner,” and collectively, the “Owners”) (collectively, Franchisor, Franchisee, and the Owners are referred to hereinafter as the “Parties”).

WHEREAS, the Parties previously entered into that certain Regional Developer Agreement dated _____, 20___ (the “Agreement”), granting Franchisee a single Redline Business of Franchisor for the Initial Term (as defined in the Agreement); and

WHEREAS, Franchisee desires to renew the Agreement for a Renewal Term (as defined in the Agreement); and

WHEREAS, the Agreement requires Franchisee and each of its Owners and their respective spouses to execute, in favor of Franchisor and its officers, directors, agents, and employees, and Franchisor’s affiliates and their officers, directors, agents, and employees, as a condition to renew the Agreement, a general release from liability of all claims that Franchisee, its Owners, and their respective spouses may have against Franchisor, its affiliates, and their respective owners, officers, directors, employees, and agents; and

WHEREAS, the Parties desire to enter into this Release to comply with the requirements of the Agreement and preserve Franchisee’s eligibility to renew the Agreement.

NOW, THEREFORE, in consideration of the mutual agreements contained herein and other valuable consideration, the Parties hereby agree as follows:

1. Recitals. The foregoing Recitals are incorporated into and made part of this Release.
2. Release. Franchisee, each Owner and his or her spouse, and their present or former affiliated entities, officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through them (the “Releasing Entities”), hereby fully release Franchisor and its present or former officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, and Franchisor’s affiliates and other related parties and their respective present or former officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through Franchisor (the “Released Entities”) from any and all liabilities, claims, demands, debts, damages, obligations and causes of action of any nature or kind, whether presently known or unknown, which the Releasing Entities may have against the Released Entities as of the date this Agreement is executed, except for any claims under the California Franchise Investment Law (California Corporations Code sections 31000 to 31516) or the California Franchise Relations Act (California Business and Professions Code Sections 20000 to 20043); the Indiana Franchise Act; the Illinois Franchise Disclosure Act; the Maryland Franchise Registration and Disclosure Law;

Minnesota Statutes, 1973 Supplement, sections 80C.01 to 80C.22 (the “Minnesota Franchise Law”); or the Washington Franchise Investment Protection Act.

3. Miscellaneous.

A. This Release contains the entire agreement and representations between the Parties hereto with respect to the subject matter hereof. This Release supersedes and cancels any prior understanding or agreement between the parties hereto whether written or oral, express, or implied. No modifications or amendments to this Release shall be effective unless in writing, signed by all Parties.

B. In the event any provision hereof, or any portion of any provision hereof shall be deemed to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect the remaining portion of any provision, or of any other provision hereof, and each provision of this Release shall be deemed severable from all other provisions hereof.

C. This Release shall be governed by the laws of the State of Arizona. Any litigation or court action arising under or related to this Release shall be filed in state or federal court in Maricopa County, State of Arizona.

D. In the event a court action is brought to enforce or interpret this Release, the prevailing Party in that proceeding or action shall be entitled to reimbursement of all of its legal expenses, including, but not limited to, reasonable attorneys’ fees and court costs incurred. The prevailing Party shall be entitled to reimbursement of all such expenses both in the initial proceeding or action and on any appeal therefrom.

E. This Release is binding on the Parties hereto and their respective successors, heirs, beneficiaries, agents, legal representatives, and assigns, and on any other persons claiming a right or interest through the Parties.

F. This Release may be executed in any number of counterparts, all of which shall be deemed to constitute one instrument, and each counterpart shall be deemed an original.

IN WITNESS WHEREOF, the Parties hereto affix their signatures and execute this Release as of the day and year first above written.

PHOENIX FRANCHISING GROUP, LLC an **REGIONAL DEVELOPER**
Arizona limited liability company

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

OWNERS

By: _____
Title: _____
Date: _____

EXHIBIT H
STATE-SPECIFIC DISCLOSURES

REQUIRED BY THE STATE OF CALIFORNIA

Registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the Commissioner.

BEFORE THE FRANCHISOR CAN ASK YOU TO MATERIALLY MODIFY YOUR EXISTING FRANCHISE AGREEMENT, SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES THE FRANCHISOR TO FILE A MATERIAL MODIFICATION APPLICATION WITH THE DEPARTMENT THAT INCLUDES A DISCLOSURE DOCUMENT SHOWING THE EXISTING TERMS AND THE PROPOSED NEW TERMS OF YOUR FRANCHISE AGREEMENT. ONCE THE APPLICATION IS REGISTERED, THE FRANCHISOR MUST PROVIDE YOU WITH THAT DISCLOSURE DOCUMENT WITH AN EXPLANATION THAT THE CHANGES ARE VOLUNTARY.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

OUR WEBSITE (www.Redlineathletics.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF OUR WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

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

Item 5 of the Disclosure Document is modified to include the following paragraph:

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations, and you are open for business.

We apply the Development Fee to our general operating revenues, which we use, among other purposes, to cover the costs of marketing to prospective Regional Developers, training new Regional Developers, and assisting new Regional Developers in opening their businesses.

The California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, and non-renewal of a franchise. If the Regional Developer Agreement contains a provision that is inconsistent with the law, the law will control. We may not terminate your Regional Developer Business except for good cause, and we must give you a notice of default and a reasonable opportunity to cure the defects (except for certain defects specified in the statute, for which no opportunity to cure is required by law). The statute also requires that we give you notice of any intention not to renew your Regional Developer Business at least 180 days before expiration of the Regional Developer Agreement.

You must sign a general release if you renew or transfer your Regional Developer Business. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California

Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

The Regional Developer Agreement contains a covenant not to compete which extends beyond the termination of your Regional Developer Business. This provision may not be enforceable under California law.

THE REGIONAL DEVELOPER AGREEMENT REQUIRES APPLICATION OF THE LAW OF ARIZONA. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW. To the extent permitted by law, you and we waive any right to or claim for any punitive or exemplary damages against each other and agree that in the event of a dispute between us, each will be limited to the recovery of actual damages only (except in limited circumstances). Each party further waives trial by jury and, to the extent permitted by law, all claims arising out of or relating to the Regional Developer Agreement must be brought within one year from the date on which you or we knew or should have known of the facts giving rise to such claims (except for claims relating to nonpayment or underpayment of amounts you owe us).

The Regional Developer Agreement requires binding arbitration. The arbitration will occur at the office of the American Arbitration Office closest to our principal executive offices. Prospective Franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

California Corporations Code Section 31512.1 -Franchise Agreement Provisions Void as Contrary to Public Policy:

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

- (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
- (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
- (c) Reliance by a franchisee on the franchise disclosure document, including any exhibits thereto.
- (d) Violations of any provision of this division.

Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

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.

REQUIRED BY THE STATE OF HAWAII

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER

AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

WITH RESPECT TO FRANCHISES GOVERNED BY HAWAII LAW, AND BASED UPON THE FRANCHISOR'S FINANCIAL CONDITION: INITIAL FRANCHISE FEES WILL BE DEFERRED UNTIL THE FRANCHISOR HAS SATISFIED IT'S PRE-OPENING OBLIGATIONS TO THE FRANCHISEE AND THE FRANCHISEE HAS COMMENCED BUSINESS OPERATIONS. IN ADDITION, ALL DEVELOPMENT FEES AND INITIAL PAYMENTS BY AREA DEVELOPERS SHALL BE DEFERRED UNTIL THE FIRST FRANCHISE UNDER THE DEVELOPMENT AGREEMENT OPENS.

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.

This statement in Item 17(t) of the franchise disclosure document "No claim made in any Regional Developer or Franchise Agreement is intended to disclaim the express representation made in this Franchise Disclosure Document." is removed in its entirety.

Item 20 of this Disclosure Document will be amended by the addition of the following paragraph:

As of the dates listed in Attachment 1, this franchise offering is or will be effective in Michigan. No states have refused, by order or otherwise, to register these franchises. No states have revoked or suspended the right to offer these franchises. The proposed registration of these franchises has not been involuntarily withdrawn in any state.

REQUIRED BY THE STATE OF ILLINOIS

Item 5 of this disclosure document is supplemented by the addition of the following:

The Illinois attorney General's Office has imposed the following due to the Franchisor's financial condition: initial franchise (and Development) Fees will be deferred until the franchisor has satisfied its pre-opening obligations to the franchisee and the franchisee has commenced business operations (Section 200.508 of the Rules).

Item 17 of this disclosure document is supplemented by the addition of the following paragraphs at the end of the chart:

State Law	<p>The conditions under which you can be terminated and your rights on non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20</p> <p>The Illinois Franchise Disclosure Act will govern any Regional Developer Agreement if it applies to a subfranchise located in Illinois.</p> <p>Any condition in the Regional Developer Agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action that otherwise is enforceable in Illinois, provided that the Regional Developer Agreement may provide for arbitration in a forum outside of Illinois.</p>
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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.

REQUIRED BY THE STATE OF INDIANA

The Regional Developer Agreement contains a covenant not to compete that extends beyond the termination of your Regional Developer Business. This provision may not be enforceable under Indiana law.

Indiana law makes unilateral termination of your Regional Developer Business unlawful unless there is a material violation of the Regional Developer Agreement, and the termination is not done in bad faith.

If Indiana law requires the Regional Developer Agreement and all related documents to be governed by Indiana law, then nothing in the Regional Developer Agreement or related documents referring to Arizona law will abrogate or reduce any of your rights as provided for under Indiana law.

Indiana law prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

Although the Regional Developer Agreement requires arbitration to be held at the office of the American Arbitration Association closest to our principal executive offices, arbitration held pursuant to the Regional Developer Agreement must take place in Indiana if you so request. If you choose Indiana, we have the right to select the location in Indiana.

REQUIRED BY THE STATE OF MARYLAND

A Franchisee located within the state of Maryland shall not be required to assent to any release, estoppel, or waiver of liability as a condition of purchasing a franchise which would act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The provisions in the Regional Developer Agreement relating to the general release that is required as a condition of renewal, sale and assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Lawsuits by either you or us may take place in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any limitation of claims provision(s) in the Regional Developer Agreement shall not act to reduce the 3-year statute of limitations afforded to you for bringing a claim under the Law. Any claims arising under the Maryland Franchise Registration and Law must be brought within 3 years after the grant of the franchise to you.

REQUIRED BY THE STATE OF MINNESOTA

We will protect your right to use the Marks and/or indemnify you from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the Marks.

Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release. Any release you sign as a condition of renewal or transfer will not apply to any claims you may have under the Minnesota Franchise Law.

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C. 14, subds., 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Regional Developer Agreement.

Minn. Stat. § 80C.17, Subd. 5, states that no civil action pertaining to a violation of a franchise rule or statute can be commenced more than three years after the cause of action accrues

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Disclosure Document or the Regional Developer Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Minn. Rule Part 2860.4400J prohibits us from requiring you to waive your rights to a jury trial or waive your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.

REQUIRED BY THE STATE OF NEW YORK

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 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 CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for 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; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**": You may terminate the agreement on any grounds available by law.
5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**," and Item 17(w), titled "**Choice of law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or 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 earlier 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.
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.

REQUIRED BY THE STATE OF NORTH DAKOTA

The Regional Developer Agreement contains a covenant not to compete which extends beyond the termination of your Regional Developer Business. This provision may not be enforceable under North Dakota law.

Although the Regional Developer Agreement provides that the place of arbitration will be located at the office of the American Arbitration Association closest to our principal executive offices, we agree that the place of arbitration will be a location that is in close proximity to the site of your Regional Developer Business.

The Regional Developer Agreement requires that you consent to the jurisdiction of a court in close proximity to our principal executive offices. This provision may not be enforceable under North Dakota law because North Dakota law precludes you from consenting to jurisdiction of any court outside of North Dakota.

Although the Regional Developer Agreement provides that it will be governed by and construed in accordance with the laws of the State of Arizona, we agree that the laws of the State of North Dakota will govern the construction and interpretation of the Regional Developer Agreement.

A contractual requirement that you sign a general release may be unenforceable under the laws of North Dakota.

Although the Regional Developer Agreement requires Franchisee to consent to a waiver of trial by jury, the Commissioner has determined that a requirement requiring the waiver of a trial by jury to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is not enforceable in North Dakota.

Although the Regional Developer Agreement requires Franchisee to consent to a waiver of exemplary and punitive damages, the Commissioner had determined these types of provisions to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is not enforceable in North Dakota.

Although the Regional Developer Agreement requires Franchisee to consent to a limitation of claims period within one year, the Commissioner had determined this to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The limitation of claims period is therefore governed by North Dakota law.

To the extent any provision of the Regional Developer Agreement requires you to consent to a waiver of exemplary or punitive damages, the provision will be deemed null and void.

REQUIRED BY THE STATE OF RHODE ISLAND

Even though our Regional Developer Agreement says the laws of Arizona apply, § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

REQUIRED BY THE STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the Regional Developer Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Regional Developer Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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.

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.

EXHIBIT I
State Effective Dates

The following states have franchise laws that require that the Franchise 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 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
Hawaii	Pending
Illinois	Pending
Indiana	Pending
New York	Pending
Virginia	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 J
RECEIPTS**

RECEIPT
(YOUR COPY – RETAIN FOR YOUR FILES)

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Phoenix Franchising Group, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise agreement or other agreement or the payment of any consideration, whichever occurs first.

If Phoenix Franchising Group, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the applicable state agency listed in Exhibit A.

The franchisor is Phoenix Franchising Group, LLC, located at 14000 North Hayden Road, Suite 101, Scottsdale, Arizona 85260. Its telephone number is (480) 386-9708.

The following broker(s) will represent us in connection with the sale of our franchises: T.J. O'Connor at 14000 North Hayden Road, Suite 101, Scottsdale, Arizona 85260, and telephone number (480) 386-9708.

Issuance Date: May 19, 2025

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Franchise Disclosure Document dated May 19, 2025. This Disclosure Document included the following Exhibits:

- | | | | |
|----|--|----|----------------------------|
| A. | State Administrators/
Agents for Service of Process | F. | List of Franchisees |
| B. | Regional Developer Agreement | G. | General Release Agreement |
| C. | Table of Contents of Manual | H. | State-Specific Disclosures |
| D. | Financial Statements | I. | State Effective Dates |
| E. | Confidentiality/Non-Disclosure Agreement | J. | Receipts |

Date: _____

Signature of Prospective Franchisee: _____

Print Name: _____

You may return the signed receipt either by signing, dating, and mailing it to us at Phoenix Franchising Group, LLC, located at 14000 North Hayden Road, Suite 101, Scottsdale, Arizona 85260, or by emailing a copy of the signed and dated receipt to us at tj@redlineathletics.com .

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