FRANCHISE DISCLOSURE DOCUMENT

UG Franchise Operations, LLC
4160 Temescal Canyon Road
Suite 112
Corona, CA 92883
Tel: (949) 612-9635
http://www.ufcgym.com

The franchise is to operate a membership-based, MMA-oriented, physical fitness facility under the UFC GYM® name that, depending on the model of gym developed, offers functional fitness training regimens including, Daily Ultimate Training, mixed martial arts, cardio boxing, cardio kick boxing, core training, Jiu Jitsu and Muay Thai boxing, utilizing a weight room, a bag area and an octagon with unique construction and design features.

The total investment will depend on the size of the UFC GYM that you choose. We offer five models. The total initial investment for a UFC GYM Jiu Jitsu ranges from $149,440 to $486,090, which includes fees that must be paid to the franchisor for the initial fee, the equipment for the GYM, and a retail package. Such fees paid to the franchisor will range between $103,600 and $230,000, depending on the size of your UFC GYM Jiu Jitsu and the amenities selected. The total initial investment for a Class by UFC GYM ranges from $232,526 to $524,371, which includes fees that must be paid to the franchisor for the initial fee, the equipment for the GYM, and a retail package. Such fees paid to the franchisor will range between $209,600 and $330,000, depending on the size of your Class by UFC GYM and the amenities selected. The total initial investment for UFC GYM (Core) model ranges from $548,965 to $1,586,860, which includes fees that must be paid to the franchisor for the initial fee, the equipment for the GYM, and a retail package. Such fees paid to the franchisor will range between $374,600 and $725,000 depending on the size of your UFC GYM (Core) and the amenities selected. The total initial investment for our UFC GYM (Signature) or UFC FIT model ranges from $1,718,948 to $5,671,191, which includes fees that must be paid to the franchisor for the initial fee, the equipment for the GYM, and a retail package. Such fees paid to the franchisor will range between $1,354,600 and $2,490,000, depending on the size of your UFC GYM (Signature) or UFC FIT and the amenities selected. Franchisees who also obtain development rights must pay us the corresponding Initial Fee for each additional UFC GYM business to be opened.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Curtis Braden at 4160 Temescal Canyon Road, Suite 112, Corona, CA 92883 and (949) 612-9635. The terms of your Franchise Agreement will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your Franchise Agreement. Read all of your Franchise Agreement carefully. Show your Franchise Agreement and this Disclosure Document to an advisor, like a lawyer or an accountant.

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

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

Issuance Date: April 20, 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 D.
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 discretion. 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 H include financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only UFC GYM 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 franchise 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 UFC GYM franchisee?	Item 20 or Exhibit D list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this Disclosure Document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by mediation, arbitration and litigation within 10 miles of our principal business address, which is currently located in Orange County, California. 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 arbitrate or litigate with us in our home state than in your own state.

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

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.

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

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

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

1. A prohibition on the right of a franchisee to join an association of franchisees.
2. A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
3. A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
4. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
5. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
6. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
7. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

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

    2. The fact that the proposed transferee is a competitor of the franchisor or sub franchisor.

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

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

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

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

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

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

Any questions regarding the notice should be directed to:

State of Michigan Consumer Protection Division
Attention: Franchise
670 G. Mennen Williams Building 525 West Ottawa
Lansing, Michigan 48909
Telephone: 517-373-7117

Note: Despite subparagraph (f) above, we intend to enforce fully the provisions of the arbitration section contained in our Franchise Agreement. We believe that subparagraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce this section as written.

TABLE OF CONTENTS

ITEM 1: THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES 10
ITEM 2: BUSINESS EXPERIENCE 13
ITEM 3: LITIGATION 14
ITEM 4: BANKRUPTCY 14
ITEM 5: INITIAL FEES 14
ITEM 6: OTHER FEES 17
ITEM 7: ESTIMATED INITIAL INVESTMENT 23
ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 37
ITEM 9: FRANCHISEE'S OBLIGATIONS 40
ITEM 10: FINANCING 41
ITEM 11: FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING 41
ITEM 12: TERRITORY 51
ITEM 13: TRADEMARKS 54
ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION 57
ITEM 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS 58
ITEM 16: RESTRICTION ON WHAT THE FRANCHISEE MAY SELL 59
ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION 60
ITEM 18: PUBLIC FIGURES 63
ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS 63
ITEM 20: OUTLETS AND FRANCHISEE INFORMATION 63
ITEM 21: FINANCIAL STATEMENTS 70
ITEM 22: CONTRACTS 70
ITEM 23: RECEIPTS 70

EXHIBITS:
EXHIBIT A – LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS
EXHIBIT B – UFC GYM FRANCHISE AGREEMENT WITH EXHIBITS
EXHIBIT 1 OWNERS' GUARANTY
EXHIBIT 2 LEASE ADDENDUM
EXHIBIT 3 NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT
EXHIBIT 4 LIST OF COMPETITIVE BUSINESSES
EXHIBIT 5 CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS

EXHIBIT 6 UFC GYM JIU JITSU ROYALTY WITHDRAWAL INFORMATION AND AGREEMENT
EXHIBIT C – DEVELOPMENT RIGHTS RIDER TO UFC GYM FRANCHISE AGREEMENT
EXHIBIT D – LIST OF CURRENT AND FORMER FRANCHISEES
EXHIBIT E – SITE SELECTION ADDENDUM
EXHIBIT F – ADA CERTIFICATION FORM
EXHIBIT G – STATEMENT OF PROSPECTIVE FRANCHISEE
EXHIBIT H – FINANCIAL STATEMENTS
EXHIBIT I – CONSENT TO TRANSFER AGREEMENT
EXHIBIT J – EQUIPMENT PACKAGE PURCHASE ORDER AND TERMS
EXHIBIT K – STATE SPECIFIC ADDENDA TO FDD AND FRANCHISE AGREEMENT
EXHIBIT L – SBA ADDENDUM
EXHIBIT M – MANAGEMENT SERVICES AGEEMENT
EXHIBIT N – OPERATIONS MANUAL TABLE OF CONTENTS
EXHIBIT O – STATE EFFECTIVE DATES

ITEM 1: THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

THE FRANCHISOR

The name of the franchisor is UG Franchise Operations, LLC ("we," "us," and "our"). In this Disclosure Document ("FDD"), "you" and "your" refers to the person to whom we grant a franchise for a UFC GYM Business (each a "UFC GYM" or "UFC GYM Business"). We do business under the name "UFC GYM®." We do not do business under any other name. We maintain our principal business address at 4160 Temescal Canyon Road, Suite 112, Corona, CA 92883. We are a California Limited Liability Company formed on February 27, 2004. All capitalized terms not specifically defined in this FDD have the same meaning as the terms defined in the UFC GYM Franchise Agreement attached as Exhibit B to this FDD.

PREDECESSORS, PARENTS AND AFFILIATES

Our direct parent company is Ultimate NeV, LLC, a Delaware limited liability company ("Ultimate NeV"). Ultimate NeV is jointly owned by M6 MMA2 Gym Group, LLC ("M6"), a Delaware limited liability company located in Nevada and NEFC Combattimento, LLC ("NEFC"), a Delaware limited liability company located in Nevada. Both M6 and NEFC are primarily focused on investing in and operating UFC GYM branded health clubs in the fitness industry. Ultimate NeV is our controlling shareholder and owns 100% of the membership interests of our company.

Ultimate NeV's principal business addresses are the same as ours. Ultimate NeV also indirectly owns non-franchised UFC GYM businesses and engages in the management of UFC GYM businesses. Ultimate NeV has never offered franchises in any line of business.

Our Affiliate UG Management Company, LLC ("UGM") is a Delaware limited liability company formed on September 18, 2015. UGM maintains a business address at 4160 Temescal Canyon Road, Suite 112, Corona, CA 92883. UGM manages certain UFC GYMS pursuant to a Management Services Agreement attached in a form substantially similar to that attached hereto as Exhibit M.

Except as disclosed above, we currently have no parents, predecessors or Affiliates required to be included in this Item.

OUR BUSINESS AND PRIOR EXPERIENCE

We offer and sell franchises for UFC GYM Businesses, and service, support and administer all functions inherent in operating a UFC GYM Business under our System. We derive our right to use and to license others to use the trademark "UFC GYM®" and other trademarks from an amended and restated license agreement dated August 11, 2017, as amended, restated, or supplemented from time to time ("the "Trademarks"). (See **Item 13**) (For reference purposes in this Disclosure Document, we call the MMA-oriented physical fitness gyms operating under the "UFC GYM" ® name and other Trademarks "UFC GYM Businesses"; we call the UFC GYM Business that you will operate the "GYM.")

We also may grant multi-unit development rights to qualified franchisees, who then will have the right to develop a number of UFC GYM Businesses within a defined area over a specific time period or according to a pre-determined development schedule. These franchisees may open and operate UFC GYM Businesses directly or through controlled affiliates. Our Development Rights Rider to the Franchise Agreement is Exhibit C. (See **Items 5 and 12**)

We began offering UFC GYM franchises on January 1, 2013. We previously offered franchises under the LA Boxing brand from 2004 to December 31, 2012, and many of our UFC GYM franchises are former LA

Boxing locations that were converted. We do not operate any UFC GYM Businesses, but we have Affiliates that own and operate UFC GYM Businesses in several states. Our Affiliates have operated UFC GYM Businesses since 2009. We refer to the UFC GYM Businesses operated by our Affiliates as "company-owned" outlets for purposes of this Disclosure Document. We have no other business activities and, except as disclosed above, have not offered franchises in other lines of business.

AFFILIATE AND OTHER RELATED COMPANY INFORMATION

We and our Affiliates are part of a family of private equity-funded companies that are in the business of owning, operating and investing in fitness gyms and health club businesses on an ongoing basis. Our indirect parent, NEFC, and certain of its Affiliates and principals, have ownership interests (both non-controlling and controlling) in several domestic and international health club businesses, including, fitness club concepts and fitness product and services companies, yoga and Pilates fitness studio concepts, circuit training fitness studio concepts, club management software platforms and fitness club concepts. Some of these health club businesses operate and offer franchises throughout the United States and others operate and offer franchises internationally, including in Australia, Canada, Mexico, Europe, Asia and South America. Other than as disclosed above, we have no Affiliates that offer franchises in any line of business or provide products or services to our franchisees.

OUR AGENTS FOR SERVICE OF PROCESS

Our agents for service of process in all states are listed in Exhibit A.

DESCRIPTION OF THE UFC GYM FRANCHISE

We grant franchises for MMA-oriented fitness clubs which are identified by the Marks (defined below). UFC GYM Businesses will offer various services, amenities and products to its members. Depending on the type of franchise that you purchase. Currently, UFC GYM offers five franchise models for sale; UFC GYM Jiu Jitsu, Class by UFC GYM, UFC GYM (Core), UFC GYM (Signature) and UFC FIT.

UFC GYM Jiu Jitsu are boutique fitness studios focused on Brazilian jiu jitsu training with minimal fitness equipment. UFC GYM Jiu Jitsu facilities are typically between 1,500 and 3,000 square feet in size and will generally offer a class-based physical fitness consisting of martial arts training and will typically utilize mats.

Class by UFC GYM are boutique fitness studios focusing on class-based sales and programming with no Octagon, limited fitness equipment, a bag rack and a functional fitness space. Class by UFC GYM facilities are typically between 2,000 to 3,000 square feet in size and will generally offer class-based physical fitness consisting of boxing and high intensity interval training and will typically utilize a bag rack, turf, functional training equipment, rowers and bikes.

UFC GYM (Core) facilities are mid-size fitness centers offering traditional fitness, class programming, including boxing, kickboxing and D.U.T., mixed martial arts training, youth classes private coaching and Brazilian Jiu-Jitsu. UFC GYM (Core) facilities are typically between 8,000 to 12,000 square feet in size, utilizing a weight room, bag rack, octagon, turf traditional gym and full-service locker rooms.

UFC GYM (Signature) facilities are big box fitness centers offering a complete line of fitness offerings that include the same offerings as UFC GYM (Core), but also include a café, pro shop, sauna, kids club and a group fitness room. UFC GYM (Signature) facilities are typically 20,000 to 40,000 square feet or larger. Because these are larger and more complex facilities to operate, we may require (at our sole discretion) you to enter into a Management Services Agreement ("MSA") in a form substantially similar to that attached hereto as Exhibit M with our Affiliate UGM which will be required to operate your UFC GYM during the term of your Franchise Agreement with us.

UFC FIT facilities are a complete fitness center model that combines the benefits of a full-service, luxury style fitness club with UFC GYM'S exclusive differentiators to create the ultimate member experience. These facilities are outfitted with additional amenities like functional fitness equipment, basketball courts, and group fitness studios. UFC FIT facilities are typically 20,000 to 40,000 square feet or larger. Because these are larger and more complex facilities to operate, we may require (at our sole discretion) you to enter into a MSA in a form substantially similar to that attached hereto as Exhibit M with our Affiliate UGM which will be required to operate your UFC GYM during the term of your Franchise Agreement with us.

GENERAL MARKET

We believe that the market for general fitness and exercise is developing and very active throughout the year. The market for UFC GYM Products and services is made up of members of both sexes, from pre-teens to senior citizens, and comprises individuals of various fitness levels and socio-economic demographics. Our UFC GYM Businesses operate in a specialized niche of the overall fitness industry, providing unique ways of getting and staying in shape that integrate various boxing, kickboxing and mixed martial arts related physical activities and exercises. However, our UFC GYM (Core) and UFC GYM (Signature) and UFC FIT facilities also carry a full line of weight/resistance training and cardiovascular training equipment.

INDUSTRY SPECIFIC REGULATIONS

Many states and certain local governments have laws regulating health clubs, including laws requiring postings covering steroids and other drug use, requiring certain medical equipment in the club, limiting the supplements that health clubs can sell, requiring bonds if a health club sells memberships valid for more than a specified time period, requiring gym owners to deposit into escrow certain amounts collected from members before the gym opens (these are referred to as pre-sale memberships), and imposing other restrictions on memberships that gyms sell. You must investigate whether laws of this type will apply to your GYM. If so, you may have to register with a state consumer protection agency, escrow funds during pre-sale and/or post a security bond or a letter of credit to protect your members. You may also be subject to other state and local licensing requirements and ordinances.

Prospective GYM members must sign a membership agreement and provide a liability waiver before using the GYM. Your membership agreement, liability waiver, and any other required documents must each be in a form satisfactory to us. Before using any sample or suggested form of membership agreement, liability waiver, or any other document that we provide, you must have your own attorney review the form for compliance with applicable state and local laws in your area. The liability waiver must include UG Franchise Operations, LLC, Ultimate NeV, LLC, its parents, Affiliates and its and their respective officers, directors, employees, and owners as covered parties.

You will also have to comply with laws and regulations that are applicable to businesses generally (such as workers' compensation, OSHA, and Americans with Disabilities Act requirements, child safety and privacy laws, and music licensing, zoning, environmental, labor relations, health and sanitation, safety, fire and health codes, regulations and ordinances). Some states and municipalities may also have enacted laws requiring fitness centers to have a staff person available during all hours of operation who is certified in basic cardiopulmonary resuscitations or have other specialized training. In addition, some states have laws requiring a fitness center to have an automated external defibrillator ("AED") and other first aid equipment on the premises, and some may require you take other safety measures. You should consult with your own attorney about laws and regulations that may affect your GYM.

COMPETITION

The general fitness and exercise business is well developed and is highly competitive. You will have to compete with other businesses selling similar fitness and health services and products. Competitors include other

boxing and mixed martial arts training gyms, fitness centers, health clubs, health spas, and franchise companies offering similar fitness products and services.

This Disclosure Document describes the terms and conditions upon which we currently offer franchises. We have an unqualified right to grant, or not to grant, a franchise for a UFC GYM Business to any prospective franchisee, regardless of the stage of the franchise contract process, costs expended by the prospective franchisee or otherwise. We may offer franchises for UFC GYM Businesses in other states or countries on economic and/or other terms, which differ from those offered under this Disclosure Document, and there may be instances where we have varied, or will vary, the terms upon which we offer franchises to suit the circumstances of a particular transaction. We urge you to carefully review all documents, including a comparison to any prior Agreement if a renewal or replacement of an existing franchise agreement is involved, as well as this Disclosure Document, with persons who can provide legal, business and/or economic guidance, such as an attorney and/or an accountant.

This Disclosure Document summarizes certain key features of our System. Descriptions in this Disclosure Document are required to be brief and are for general informational purposes only. In many cases, the Disclosure Document contains only excerpts or summaries of the Franchise Agreement and other documents. The actual documents will control in every case and you should refer to the Franchise Agreement and other relevant agreements for complete information. You should understand that a fundamental requirement of you joining and remaining part of the System will be your commitment to the operation of the GYM according to the then current System standards, as we may modify them.

Operation of a UFC GYM Business involves substantial business risks that cannot be eliminated. Significant investment beyond that outlined in this Disclosure Document may be required in order to succeed. Your volume, profit and possible success are primarily dependent upon your financial, management and other resources, your personal business, marketing, management, judgment and other skills, your willingness to work hard, as well as your proper use of the System. We cannot and do not guarantee your success.

ITEM 2: BUSINESS EXPERIENCE

ADAM SEDLACK, CEO AND PRESIDENT

Mr. Sedlack has served as our CEO since February 2021. Prior to being CEO, he has served as our and our Affiliate U Gym, LLC's President since September 2008. He has also been the President of our Affiliate UG Management Company, LLC since its inception in 2015.

RYAN UTSMAN, EXECUTIVE VICE PRESIDENT OF GLOBAL SALES & DOMESTIC FRANCHISE

Mr. Utsman has served as the Executive Vice President of Global Sales & Domestic Franchise since January 2025. Previously, Mr. Utsman was our Vice President of Business Development & Franchise Operations since July 2019. He has been our Vice President of Sales since joining the company in August 2015.

CURTIS BRADEN, VICE PRESIDENT OF FRANCHISE DEVELOPMENT

Mr. Braden has served as our Vice President of Franchise Development since January 2025. Previously, Mr. Braden was our Director of Franchise Development since September 2021. Prior to that, he spent four years with Fitness Connection, located in Carrollton, Texas, from June 2017 through July 2021, last serving as District Manager overseeing 14 locations in Texas and Nevada.

JOSEPH BECKLES, VICE PRESIDENT OF FRANCHISE OPERATIONS

Mr. Beckles has served as our Vice President of Franchise Operations since January 2025. Previously, Mr. Beckles was our Director of Franchise Operations since April 2021. Prior to being in this position, he was the

General Manager of our Affiliate's Concord, CA location from December 2018 through April 2021.

ITEM 3: LITIGATION

Jeffrey Mathews et al v. UG Franchise Operations, LLC et al (Case No. 30-2016-00855160-CU-BT-CJC). On or around May 27, 2016, Matthews, a former franchisee filed an action in the Superior Court of Orange County alleging fraud, violation of the Texas Deceptive Trade Practices Act, breach of contract, violation of the California unfair competition statute and the California Franchise Investment Law. The parties subsequently reached a settlement agreement in which we paid the plaintiff $275,000.

James Biggs, Lucky Duck Enterprises, LLC v. UG Franchise Operations, LLC (American Arbitration Association, No 02-19-0002-5893). Biggs, in 2019, a former franchisee who abandoned its franchise, filed an action in the Superior Court of Orange County alleging breach of contract, rescission, declaratory relief and violation of the California Business and Professions Code which was compelled to arbitration. The parties subsequently reached a settlement agreement in which we paid the plaintiff $125,000.

UG Franchise Operations, LLC v. Frank Carranza, et. Al. (Case No. 30-20-0117-5206-CU-MC-NJC). In December 2020, we filed a declaratory judgment action in the Superior Court of Orange County with respect to the enforceability of membership agreements at a former franchised location. In March 2021, the defendants filed a counterclaim against us and a cross-claim against our president, senior vice president, Ultimate NeV, Zuffa, our former franchise and various other individuals alleging that the counter/cross-defendants engaged in various fraudulent and unfair trade practices in connection with the sale and cancellations of their gym membership agreements. The parties subsequently reached a settlement agreement in which we paid the plaintiff $30,000.

Other than these actions, no litigation is required to be disclosed in this Disclosure Document.

ITEM 4: BANKRUPTCY

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

ITEM 5: INITIAL FEES

The Initial Fee for each category of UFC GYM Business (collectively referred to as "Initial Fee") is outlined below. The Initial Fee is deemed fully earned and non-refundable under any circumstance upon payment. We might pay a portion of your Initial Fee to a referral source. The Initial Fee for a UFC GYM Business is based on the size of UFC GYM that you will develop and the amount of locations purchased.

1. **UFC GYM Jiu Jitsu.** The initial fee for your UFC GYM Jiu Jitsu is $30,000 and is due upon signing the Franchise Agreement via wire payment, ACH payment, or other form of payment acceptable to us (the "UFC GYM Jiu Jitsu Initial Fee"). You must also pay the franchisor for the equipment for the GYM, and a retail package. All of the fees described in this Item paid to the franchisor will range between $103,600 and $230,000, depending on the size of your UFC GYM Jiu Jitsu and the amenities selected. Please see Item 7 for more information.

2. **Class by UFC GYM.** The initial fee for your Class by UFC GYM is $30,000 and is due upon signing the Franchise Agreement via wire payment, ACH payment, or other form of payment acceptable to us (the "Class by UFC GYM Initial Fee"). You must also pay the franchisor for the equipment for the GYM, and a retail package. All of the below fees paid to the franchisor will range between $209,600 and $330,000, depending on the size of your Class by UFC GYM and the amenities selected. Please see Item 7 for more information.

3. **UFC GYM (Core).** The initial fee for your UFC GYM (Core) is $40,000 and is due upon signing the Franchise Agreement via wire payment, ACH payment, or other form of payment acceptable to us (the "UFC GYM (Core) Initial Fee"). You must also pay the franchisor for the equipment for the GYM, and a retail package. All of the below fees paid to the franchisor will range between $374,600 and $725,000 depending on the size of your UFC GYM (Core) and the amenities selected. Please see Item 7 for more information.

4. **UFC GYM (Signature) and UFC FIT.** The initial fee for your UFC GYM (Signature) or UFC FIT is $50,000 and is due upon signing the Franchise Agreement via wire payment, ACH payment, or other form of payment acceptable to us (the "UFC GYM (Signature)/UFC FIT Initial Fee"). If you purchase a UFC GYM (Signature) or UFC FIT franchise, we may, at our sole discretion, require you to enter into a Management Services Agreement ("MSA") in a form substantially similar to Exhibit M, attached hereto. You must also pay the franchisor for the equipment for the GYM, and a retail package. All of the below fees paid to the franchisor will range between $1,354,600 and $2,490,000, depending on the size of your UFC GYM (Signature) or UFC FIT and the amenities selected. Please see Item 7 for more information.

INITIAL FEES-DEVELOPMENT RIGHTS RIDER

If we allow you to sign our Development Rights Rider to the Franchise Agreement, because you commit to develop a minimum number of UFC GYM Businesses in an area, we currently charge a development fee that you must pay in full when you sign the Development Rights Rider (the "Development Fee"). If you sign the Development Rights Rider together with a new Franchise Agreement for a new UFC GYM Business (whether you are a new or existing franchisee), the Development Fee due equals the corresponding Initial Fee for the UFC GYM Business covered by that Franchise Agreement plus a non-refundable deposit equal to the corresponding Initial Fee for each additional UFC GYM Business to be developed ("Development Fee"). If you sign the Development Rights Rider to attach to an existing Franchise Agreement (that is, you are an existing franchisee) and are not concurrently signing a new Franchise Agreement for a new UFC GYM Business, the Development Fee due shall be the then current Initial Fee for each UFC GYM Business to be developed. In both situations, there will be no balance due for the Initial Fee for each UFC GYM Business. We and you will determine the number of UFC GYM Businesses you must develop, and the dates by which you must develop them, before signing the Development Rights Rider.

The Development Fee is not refundable under any circumstances. If you sign the Development Rights Rider, pay the Development Fee, and then cannot find sites for UFC GYM Businesses or choose not to perform for another reason (in which case the first Franchise Agreement and/or the Development Rights Rider is terminated), we may keep the entire Development Fee and need not return any money to you.

You must develop and open your UFC GYM Business for member workouts on or before the Opening Deadline (defined in Item 11). You may request an extension of that deadline by giving us written notice at least 15 days before the Opening Deadline. We will inform you of the length of the extension if and when we grant it. If we grant it, you must pay us a non-refundable extension fee of $1,500 for each month (or portion of month) for which we extend the Opening Deadline.

EQUIPMENT

You must purchase certain equipment directly from us, including, the cardio and strength machines and free weights, the octagon (for UFC GYM (Core), UFC GYM (Signature) and UFC FIT locations), heavy punching bags, bag cage, retail counters, speed bags, and storage compartments. We will provide design and development services in association with your equipment which will include 2 CAD drawings, but you must pay the costs for travel and lodging for our representative to come to you. Your cost, which includes our design and development services, range from $55,000 to $100,000, which also includes audio-visual components as well as a pre-sale

marketing package and flooring for a UFC GYM Jiu Jitsu, range from $110,000 to $130,000 for a Class by UFC GYM, $250,000 to $500,000 for a UFC GYM (Core) and $1,200,000 to $2,200,000 for a UFC GYM (Signature) or UFC FIT. The precise costs will depend upon the size of the space you lease to operate your gym facility and the cost of shipping and installing your equipment. The cost of freight and installation will vary depending on the size of the equipment, your distance from the point of shipment and specifics regarding your building and its location, but typically range from $5,000 to $40,000 for a UFC GYM Jiu Jitsu, or from $50,000 to $100,000 for our other footprints. This equipment is paid for in a lump sum and does not include taxes.

SIGNAGE

We will specify the signs and graphics and only those we approve will be used. You, at your own expense, must prepare, construct and erect the signs and graphics in accordance with approval from governmental authority and the landlord. The costs of fabricating and installing approved signs and graphics can vary depending upon local market conditions but typically range from $9,000 to $20,000 for a UFC GYM Jiu Jitsu, $15,000 to $30,000 for a Class by UFC GYM, $30,000 to $45,500 for a UFC GYM (Core), and $50,000 to $100,000 for a UFC GYM (Signature) or UFC FIT. These costs may increase if you decide to install additional signage to increase the visibility of your GYM location or purchase additional interior graphics packages. These costs are paid to us, when incurred, before beginning business and are usually not refundable.

BILLING SERVICES

Before you begin selling or preselling memberships for your UFC GYM Business, you must execute with our Gym Management Software designated vendor, a Billing Services Agreement or Royalty Withdrawal Information and Agreement (as applicable) and other related documents. Under those documents, the designated vendor will provide you various services relating to billing and managing your members, processing credit card, debit card, automated clearing house ("ACH") and other payments. We may, in our discretion, change Gym Management Software vendors at any time. Upon notice of such change, you shall be required to update your hardware and/or software systems as necessary to support such new vendor.

OPENING INVENTORY

The typical for-sale items held in opening inventory are boxing gloves, protective gear, and UFC GYM® apparel in the range of $4,600 to $40,000, depending on the size of your GYM and retail area.

TRAINING FEES

We will provide, at no extra charge to you, Initial Training and training materials for up to 5 Trainees. You must pay for all expenses of the Trainees in attending Initial Training including all travel, lodging and meal expenses. You must pay all expenses incurred to have your additional employees, independent contractors or agents (in excess of 5 Trainees) attend Initial Training, including reasonable training fees (currently up to $800 per day per person). We also provide access to ClubConnect, the UFC GYM online university for UFC GYM Jiu Jitsu, Class by UFC GYM, UFC (GYM Core), UFC GYM (Signature), and UFC FIT Businesses. As a UFC GYM franchisee, you are required to purchase a subscription to the material that will be billed monthly (either directly or through ClubConnect (or another third party). We may, at our discretion and your cost, make available to you pre-opening, on-site training by an opening supervisor at your location. In addition, you must pay for all travel, meals and lodging costs for your attendees at our principal training facilities. Any training fee paid is not refundable under any circumstance. See **Item 11, TRAINING** for additional information on training.

ITEM 6: OTHER FEES
Class by UFC GYM, UFC GYM (Core) and UFC GYM Jiu Jitsu[1]

Type of Fee	Amount	Due Date	Remarks
Royalty Fee / Class by UFC GYM Royalty Fee / UFC GYM Jiu Jitsu Royalty Fee / UFC GYM (Core)	6% of Gross Revenues 6% of Gross Revenues 5% of Gross Revenues	Monthly (Class by UFC Gym and UFC GYM Jiu Jitsu) or at such other time as we may direct. Daily (UFC GYM (Core)) or at such other time as we may direct.	"Gross Revenues" means the entire amount of all your revenues from the ownership or operation of the GYM as more particularly defined in Section 17.1 of the Franchise Agreement. Payment will be made by automatic deduction from an account that you designate.
Marketing contributions to the Marketing Fund	2% of Gross Revenues	Monthly or at such other time as we may direct.	"Gross Revenues" are defined above under Royalty Fee. Payment will be made by automatic deduction from an account that you designate.
Music Licensing Fee	For Class by UFC GYM and UFC GYM (Core), approximately $207/month with fit radio For UFC GYM Jiu Jitsu, approximately $30/month with Rockbot	Monthly	This fee is for the licensed rights to play music in your GYM under our master license program. It will be paid monthly directly to us or an approved supplier as we may direct. We reserve the right to change this amount and payment frequency in the future, upon providing reasonable notice to you.
Regional Cooperative Advertising [2]	As determined by the Cooperative (not more than 2% of monthly Gross Revenues)	Daily or at such other time as we may direct.	When Cooperatives have been established, if any, all UFC GYM Businesses will have the same voting power. Payments to the Cooperative are credited against any Local Advertising requirements.
UFC GYM Products	As set by us or our affiliate, or required vendor	Immediately upon receipt of invoice or as otherwise arranged	You must purchase the UFC GYM Products including, without limitation, retail products, from us or from an approved source we designate and license in such quantities and at such cadence as we determine, in our discretion.
Billing Services Fees (Class by UFC GYM)	For Class by UFC GYM and UFC GYM (Core), currently $370 per month, plus credit card transaction and interchange fees. [3] For UFC GYM Jiu Jitsu, currently $150 per month, plus credit card transaction and interchange fees	Monthly	For Class by UFC GYM and UFC GYM (Core), this includes Glofox subscription fees, with a portion of such fee provided to compensate us. These fees are paid to us monthly through remits. You will pay credit card processing fees that are not included in this amount. For UFC GYM Jiu Jitsu, this includes Alta subscription fees under the Royalty Withdrawal Information and Agreement, with a portion of such fee provided to compensate us. These fees are paid to us monthly through remits. You will pay credit card processing fees that are not included in this amount.
Billing Services and Lead Management Fees (UFC GYM (Core))	Currently, $150 per month for DataTrak software fee, $200 per month for Gym Sales/Ignite software fee, plus a fee equal to 3.40% on all recurring revenues for the provider software, processing and support, and a 2.5% transaction fee for all credit/debit retail merchant service transactions.	Monthly	These fees pay your club management software licenses and merchant processing and lead management software licenses. There may be additional fees as incurred, such as merchant charge-back fees, merchant retrieval fees, service fees, late fees, and additional fees for text, email, and phone options. These fees are all paid directly to our required vendors, which currently are ABC Fitness Solutions and GymSales Software.
ClubConnect, the online UFC GYM university	Currently $184 a month per GYM for unlimited users.[4]	Monthly	You are required to purchase a license for the online training program. The monthly license fee must be paid monthly directly to ClubConnect.

Type of Fee	Amount	Due Date	Remarks
Training Fees	As set by us or our Affiliate	Immediately upon receipt of invoice	For any Initial Training required for new General Managers approved by us, you must pay for all travel, meals and lodging costs for your attendees. For any additional training beyond the Initial Training, including refresher training programs or seminars we offer or require, you must pay our standard training fee (currently up to $800 per person per day) plus all travel, meals and lodging costs for your attendees.
Additional Training or Assistance	Sales & Operations Training-currently up to $800 per day, plus all travel, lodging and meal expenses. Group Fitness Training, BJJ Training or Private Coach Training (minimum 4 days)-currently up to $800 per day, plus travel, lodging and meal expenses. CPR Certification fees (currently $50 per coach)	Immediately upon receipt of invoice	The then current fee will be published in the Operations Manual. You will be required to book all travel and lodging directly and pay our coaches directly.
Fees for Special Assistance	As set by us or our Affiliate	Immediately upon receipt of invoice	If you request, we will furnish non-routine guidance and assistance to deal with your unusual or unique operating problems at reasonable per diem fees, charges and out-of- pocket expenses we establish.
Construction Assistance	The amount will depend on the level of assistance requested.	Immediately upon receipt of invoice	If you request, we will assist you in the oversight of the build-out of your GYM.
Insurance Coverage	Cost of the insurance, interest on the monies we advance & a reasonable fee	Immediately upon receipt of invoice	If you fail to maintain the insurance required by the Franchise Agreement, we may obtain the required insurance and charge you the cost of the insurance, interest on the monies we advance and a reasonable fee for our efforts.
Reimbursement of Audit Costs	Actual cost to us	Immediately upon receipt of invoice	We have the right to have an audit made of your records and conduct a physical inventory. If any inspection discloses an understatement of any reported amount of any type, in any report, of 2% or more of Gross Revenues, you must, in addition to paying us the amount of the understatement, reimburse us for all expenses of the inspection (including reasonable accounting and attorneys' fees and costs).
Deficiencies	Actual cost to us	Immediately upon receipt of invoice	If you do not satisfy your obligations under the Franchise Agreement, we may perform your obligations for you. You must reimburse us for our costs in performing your obligations.
Advertising	You must spend at least $2,500 for CLASS by UFC GYM and UFC GYM Jiu Jitsu, and $3,500 for UFC GYM (Core), per month on local marketing	As incurred	If you fail to market at these levels for 2 consecutive quarters or fail to meet 80% of the Designated Average we can deduct an appropriate amount of marketing funds from your designated account & use it to place marketing for you.
Renewal Fee	50% of the then current Initial Fee	When you provide us written notice of your election to acquire a successor franchise	You must meet certain conditions to have the option to acquire a successor franchise.
Transfer Fee	$10,000 for a UFC GYM Jiu Jitsu location $15,000 for a CLASS by UFC GYM location $20,000 for a UFC GYM (Core) location	At the time of transfer	Upon a transfer, you or your personal representative or other legal representative must pay a Transfer Fee. If the transfer is to a corporation wholly owned by you, or to your spouse or child, no Transfer Fee will be charged.
Fees for Lost Manuals	$250 for each Manual	Immediately upon receipt of invoice	Upon the theft, loss or destruction of any of the Manuals, we will provide you access to a replacement copy at a fee of $250 for each Manual. A partial loss

Type of Fee	Amount	Due Date	Remarks
			or failure to update any Manual is considered a complete loss.
Fee for failure to provide Financial Reports	$350 for each occurrence	Immediately upon receipt of invoice	Upon failure to provide financial reports as required by the terms of the Franchise Agreement.
Interest on Late Payments	The lesser of: (i) 18% per annum; or (ii) the maximum rate of interest permitted by law.	Immediately upon receipt of invoice	Although each failure to pay monies when due is an Event of Default, to encourage prompt payment and to cover the costs involved in processing late payments, if any payment under the Franchise Agreement or any other agreement between us and you is overdue for any reason, you must pay to us, on demand, in addition to the overdue amount, any insufficient funds (NSF) charges we incur and interest on the overdue amount from the date it was due until paid equal to the lesser of: (i) 18% per annum; or (ii) the maximum rate of interest permitted by law.
Late Charge	$250	Immediately upon receipt of invoice	In addition to interest on overdue amounts, you must pay a late charge for each payment that is more than 5 days overdue to cover our administrative costs in dealing with the late payment.
Liquidated Damages for Premature Termination of Franchise Agreement	A lump sum equal to the total of all Royalty Fees for 24 months, or if you fail to open, a lump sum equal to the average Royalty Fees paid by similar Gyms in the prior trailing 12-month period.	Immediately upon receipt of invoice	This amount is due if you default under your Franchise Agreement in lieu of us having to sue and prove actual damages.
Liquidated Damages for Violation of Covenant not to Compete	$2,000 per week	Immediately upon receipt of invoice	In the event you violate the covenant not to compete under your Franchise Agreement, you must pay us this amount as damages, in addition to all other remedies available to us.
Indemnification	Actual cost to us	Immediately upon receipt of invoice	You indemnify and hold us harmless from all damages (including reasonable attorneys' fees and costs, even if incident to appellate, post-judgment or bankruptcy proceedings), from claims brought by third parties involving your ownership or operation of the GYM. This indemnity obligation continues in full effect after the expiration or termination of your Franchise Agreement.
Enforcement Costs	Actual cost to us	Immediately upon receipt of invoice	Please see below[5]
Management Fee	You must reimburse us our costs & expenses	As incurred	Due when we (or a third party) operate the GYM upon your election or after your or the Designated General Manager's death or disability; your default; your failure to operate the GYM during normal business hours; your abandonment; or if your Franchise Agreement is terminated and we elect to purchase the GYM.
Testing	Costs of Testing	When billed	This covers the costs of testing new products or inspecting new suppliers you propose.
Taxes	You must reimburse us our costs & expenses	As incurred	If we pay any federal, state, local, or other tax on your behalf, you must reimburse us for our costs and expenses.
Removal of Signage	You must reimburse us our costs & expenses	Immediately upon receipt of invoice	If you fail to immediately remove all identifying architectural superstructure and signage on or about the Premises when your Franchise Agreement terminates or expires, we may remove the signage and you must reimburse us for our costs and expenses.

Notes:

1. The above are a detailed description of other recurring or isolated fees or payments that you must pay to us or that we impose or collect for a third party. All payments are non-refundable.

2. This fee is payable to the Cooperative.

3. Under the Royalty Withdrawal Information and Agreement, a Billing Services Agreement, and other related documents, we and the designated vendor will provide your billing and other services relating to the gym management system. You also will sign other agreements with the designated vendor under which the designated vendor will license software and provide other club services to you and will process payments from your members and point-of-sale customers.

4. The base fee of $184 per month provides a subscription for unlimited users. Additional training may be purchased, at your cost. There is an additional fee to add GYMs.

5. If any mediation, arbitration, legal action or other proceeding is begun for the enforcement of your Franchise Agreement, or for an alleged dispute, breach, default or misrepresentation under any provision of your Franchise Agreement, the prevailing party is entitled to recover reasonable pre-institution and post- institution attorneys' fees, court costs and all expenses even if not taxable as court costs. If we engage legal counsel for your failure to pay when due any monies owed under your Franchise Agreement or submit when due any reports, information or supporting records, or for any failure otherwise to comply with your Franchise Agreement, you must reimburse us for all of the Enforcement Costs we incur.

UFC GYM (Signature) or UFC FIT[1]

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	4% of Gross Revenues	Daily or such other time as we direct.	"Gross Revenues" means the entire amount of all your revenues from the ownership or operation of the GYM as more particularly defined in Section 17.1 of the Franchise Agreement. Payment will be made by automatic deduction from an account that you designate.
Marketing Contributions to the Marketing Fund	2% of Gross Revenues	Daily or such other time as we direct.	"Gross Revenues" are defined above under Royalty Fee. Payment will be made by automatic deduction from an account that you designate.
Management Services and Back Office Support Fee	$0 - $13,000	Monthly	This fee, including a $3,000 back office accounting support fee and a $10,000 management services fee, which is subject to change, is due in advance monthly by Franchisee and is intended to cover the basic support of the Manager. Please be advised that this fee is applicable to managed clubs only.
Management Services Incentive Fee	Dependent on the Operating Profit [(2)]	Quarterly	The incentive fee paid to the Manager is a percentage of operating profit.
Music Licensing Fee	Currently, approximately $207/month with fit radio	Monthly	This fee is for the licensed rights to play music in your GYM under our master license program. It will be paid monthly by directly to us or an approved supplier as we may direct. We reserve the right to change this amount and payment frequency in the future, upon providing reasonable notice to you.
Regional Cooperative Advertising [(3)]	As determined by the Cooperative (not more than 2% of monthly Gross Revenues)	Daily or at such other time as we may direct.	When Cooperatives have been established, if any, all UFC GYM Businesses will have the same voting power. Payments to the Cooperative are credited against any Local Advertising requirements.
UFC GYM Products	As set by us, our Affiliate, or our required vendor.	Immediately upon receipt of invoice or as otherwise arranged	You must purchase the UFC GYM Products which includes, without limitation, retail products from us or from an approved source we designate and license in such quantities and at such cadence as we determine, in our discretion.

Type of Fee	Amount	Due Date	Remarks
Billing Services and Lead Management Fees	Currently, $150 per month for DataTrak software fee, $200 per month for Gym Sales/Ignite software fee, plus a fee equal to 3.40% on all recurring revenues for the provider software, processing and support, and a 2.5% transaction fee for all credit/debit retail merchant service transactions.	Monthly	These fees pay your club management software licenses and merchant processing and lead management software licenses. There may be additional fees as incurred, such as merchant charge-back fees, merchant retrieval fees, service fees, late fees, and additional fees for text, email, and phone options. These fees are all paid directly to our required vendors, which currently are ABC Fitness Solutions and GymSales Software.
ClubConnect, the online UFC gym university	Currently $184 a month per GYM for unlimited users. (4)	Monthly	You are required to purchase a license for the online training program. The monthly license fee which must be paid monthly directly to ClubConnect.
Additional Training or Assistance	Sales & Operations Training-currently up to $800 per day, plus all travel, lodging and meal expenses. Group Fitness Training, BJJ Training or Private Coach Training (minimum 4 days) – currently up to $800 per day, plus travel, lodging and meal expenses and CPR certification fees (currently $50 per coach)	Immediately upon receipt of invoice	The then current fee will be published in the Operations Manual. You will be required to book all travel and lodging directly and pay our coaches directly.
Fees for Special Assistance	As set by us or our Affiliate	Immediately upon receipt of invoice	If you request, we will furnish non-routine guidance and assistance to deal with your unusual or unique operating problems at reasonable per diem fees, charges and out-of- pocket expenses we establish.
Construction Assistance	The amount will depend on the level of assistance requested.	Immediately upon receipt of invoice	If you request, we will assist you in the oversight of the build-out of your GYM.
Insurance Coverage	Cost of the insurance, interest on the monies we advance and a reasonable fee	Immediately upon receipt of invoice	If you fail to maintain the insurance required by the Franchise Agreement, we may obtain the required insurance and charge you the cost of the insurance, interest on the monies we advance and a reasonable fee for our efforts.
Reimbursement of Audit Costs	Actual cost to us	Immediately upon receipt of invoice	We have the right to have an audit made of your records and conduct a physical inventory. If any inspection discloses an understatement of any reported amount of any type, in any report, of 2% or more of Gross Revenues, you must, in addition to paying us the amount of the understatement, reimburse us for all expenses of the inspection (including reasonable accounting and attorneys' fees and costs).
Deficiencies	Actual cost to us	Immediately upon receipt of invoice	If you do not satisfy your obligations under the Franchise Agreement, we may perform your obligations for you. You must reimburse us for our costs in performing your obligations.
Advertising	You must spend at least $7,500 per month on local marketing	As incurred	If you fail to market at these levels for 2 consecutive quarters or fail to meet 80% of the Designated Average we can deduct an appropriate amount of marketing funds from your designated account and use it to place marketing for you.
Renewal Fee	50% of the then current Initial Fee	When you provide us written notice of your election to acquire a successor franchise	You must meet certain conditions to have the option to acquire a successor franchise.
Transfer Fee	$25,000	At the time of transfer	Upon a transfer, you or your personal representative or other legal representative must pay a Transfer Fee. If the transfer is to

Type of Fee	Amount	Due Date	Remarks
			a corporation wholly owned by you, or to your spouse or child, no Transfer Fee will be charged.
Fee for Lost Manuals	$250 for each Manual	Immediately upon receipt of invoice	Upon the theft, loss or destruction of any of the Manuals, we will provide you access to a replacement copy at a fee of $250 for each Manual. A partial loss or failure to update any Manual is considered a complete loss.
Fee for failure to provide Financial Reports	$350 for each occurrence	Immediately upon receipt of invoice	Upon failure to provide financial reports as required by the terms of the Franchise Agreement.
Interests on Late Payments	The lesser of: (i) 18% per annum; or (ii) the maximum rate of interest permitted by law.	Immediately upon receipt of invoice	Although each failure to pay monies when due is an Event of Default, to encourage prompt payment and to cover the costs involved in processing late payments, if any payment under the Franchise Agreement or any other agreement between us and you is overdue for any reason, you must pay to us, on demand, in addition to the overdue amount, any insufficient funds (NSF) charges we incur and interest on the overdue amount from the date it was due until paid equal to the lesser of: (i) 18% per annum; or (ii) the maximum rate of interest permitted by law.
Late Charge	$250	Immediately upon receipt of invoice	In addition to interest on overdue amounts, you must pay a late charge for each payment that is more than 5 days overdue to cover our administrative costs in dealing with the late payment.
Liquidated Damages for Premature Termination of Franchise Agreement	A lump sum equal to the total of all Royalty Fees for 24 months, or if you fail to open a lump sum equal to the average Royalty Fees paid by similar Gyms in the prior trailing 12-month period.	Immediately upon receipt of invoice	This amount is due if you default under your Franchise Agreement in lieu of us having to sue and prove actual damages.
Liquidated Damages for Violation of Covenant not to Compete	$2,000 per week	Immediately upon receipt of invoice	In the event you violate the covenant not to compete under your Franchise Agreement, you must pay us this amount as damages, in addition to all other remedies available to us.
Indemnification	Actual costs to us	Immediately upon receipt of invoice	You indemnify and hold us harmless from all damages (including reasonable attorneys' fees and costs, even if incident to appellate, post-judgment or bankruptcy proceedings), from claims brought by third parties involving your ownership or operation of the GYM. This indemnity obligation continues in full effect after the expiration or termination of your Franchise Agreement.
Enforcement Costs	Actual cost to us	Immediately upon receipt of invoice	Please see below(5)
Management Fee	You must reimburse us our costs & expenses	As incurred	Due when we (or a third party) operate the GYM upon your election or after your or the Designated General Manager's death or disability; your default; your failure to operate the GYM during normal business hours; your abandonment; or if your Franchise Agreement is terminated and we elect to purchase the GYM.
Testing	Costs of Testing	When billed	This covers the costs of testing new products or inspecting new suppliers you propose.
Taxes	You must reimburse us our costs & expenses	As incurred	If we pay any federal, state, local, or other tax on your behalf, you must reimburse us for our costs and expenses.
Removal of Signage	You must reimburse us our costs & expenses	Immediately upon receipt of invoice	If you fail to immediately remove all identifying architectural superstructure and signage on or about the Premises when your Franchise Agreement terminates or expires, we may remove the signage and you must reimburse us for our costs and expenses.

Notes:

1. The above are a detailed description of other recurring or isolated fees or payments that you must pay to us or that we impose or collect for a third party. All payments are non-refundable. Estimate is for a UFC GYM (Signature)

or UFC FIT.

2. Manager is paid an incentive fee which is a percentage of operating profit of the franchise

3. This fee is payable to the Cooperative.

4. The base fee of $184 per month provides a subscription for unlimited users at a single GYM. Additional training may be purchased, at your cost. There is an additional fee to add GYMs.

5. If any mediation, arbitration, legal action or other proceeding is begun for the enforcement of your Franchise Agreement, or for an alleged dispute, breach, default or misrepresentation under any provision of your Franchise Agreement, the prevailing party is entitled to recover reasonable pre-institution and post- institution attorneys' fees, court costs and all expenses even if not taxable as court costs. If we engage legal counsel for your failure to pay when due any monies owed under your Franchise Agreement or submit when due any reports, information or supporting records, or for any failure otherwise to comply with your Franchise Agreement, you must reimburse us for all of the Enforcement Costs we incur.

UNIFORMITY

The expenses in this Item are uniform for persons currently offered a franchise for a UFC GYM Business.

PAYMENT SCHEDULE; PRE-AUTHORIZED TRANSFERS

Your payments to us must be effectuated through a Payment System by the use of pre- authorized transfers from your operating account, either through the use of special checks or electronic funds transfer, that we process at the time any payment is due. The Royalty Fee and the Marketing Contributions are currently processed on a daily basis for UFC GYM (Core), UFC GYM (Signature) and UFC FIT models and on a monthly basis for Class by UFC GYM models. All other amounts owed to us are due as specified above. If no time is specified, these payments are due upon receipt of our invoice.

ADVERTISING COOPERATIVES

Advertising cooperatives have not been established at this time. When and if formed, all UFC GYM Businesses will have the same voting power, including those we or our Affiliates operate.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT
UFC GYM Jiu Jitsu[1]

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Fee[2]	$30,000	Lump Sum	On signing the Franchise Agreement (and, if applicable, Development Rights Rider)	Us
Misc. Supplies [3]	$2,800 to $3,100	Lump sum	Before opening	Suppliers
Opening Inventory[4]	$4,600 to $13,400	Lump sum	Before opening	Us
Insurance[5]	$3,000 to $6,000	Monthly	Before opening	Insurer
Printing Signage and Graphics[6]	$9,000 to $20,000	Lump sum	Before opening	Suppliers
Office Equipment/P.O.S. System[7]	$2,500 to $4,000	Lump Sum	Before opening	Suppliers
Rent/Security Deposit[8]	$0 to $20,000	Lump sum	As required	Landlord

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Advertising (Pre-Sale to Grand Opening)[9]	$24,000 to $48,000	As Incurred	As required	Suppliers
Leasehold Improvements[10]	$0 to $100,000	As Incurred	Before opening	Various contractors/ Suppliers
Equipment[11]	$55,000 to $100,000	Lump Sum	Before opening	Us
Music Licensing[12]	$90	Monthly	As required	Us or an approved supplier
Software Support Fee [13]	$450	Monthly	As required	Supplier or us
Utilities Deposits[14]	$1,000 to $1,500	As Incurred	As required	Suppliers
Licenses and Permits[15]	$500 to $6,000	Lump sum	As required	Governmental Agencies
Legal Review[16]	$1,000 to $3,000	Lump Sum	Before opening	Attorney
Travel, Lodging, Meals, Etc. for Initial Training[17]	$500 to $3,000	As Incurred	As required	Suppliers
MyZone[18]	$0 to $2,500	As Incurred	As required	Suppliers
Box HIIT Live (BHL)[19]	$0 to $50	Monthly	As required	Us or an approved supplier
Additional Funds[20] (3-6 months)	$15,000 to $125,000	As Incurred	During the first 3-6 months of operation	Third Parties
TOTAL[21]	$149,440 to $486,090[22]			

Notes:

1. All amounts paid are non-refundable unless otherwise noted. The above is our best estimate of your initial investment to open a single UFC GYM Jiu Jitsu Business ranging in size from 1,500 square feet to 3,000 square feet. Except for the payment of the development fee (See Item 5 above), no separate initial investment is required when you sign a Development Rights Rider. The estimate presented covers the period before the opening of the GYM and for the initial phase of the GYM, estimated to be 3 months. Our estimates do not provide for your cash requirements to cover operating losses after the initial phase or personal living expenses. You must have additional sums available, whether in cash or through unsecured credit lines, or have other assets that you can liquidate, or that you can borrow against, to cover your personal living expenses and any operating losses after the initial phase of the GYM. We urge you to retain the services of an experienced accountant or financial advisor in order to develop a business plan and financial projections for the operation of the GYM. Your actual investment will vary depending upon local conditions particular to your geographic area or market; for example, real estate demand, availability and occupancy rates. Additional variables that will impact your initial investment are: size of the GYM; age of the structure; length of your lease or other instrument granting you the right of occupancy to the Premises; if your space is to be built out by the developer with no initial out-of-pocket cost to you; lease arrangements; location in the market; costs of demolishing existing leasehold improvements; construction costs; landlord contributions to offset a portion of the leasehold improvements and construction costs, which may be in the form of cash or rent abatement over a set period, and other variable expenses and whether you currently hold a lease of an acceptable location. We do not expect you to purchase real estate or construct the building containing the GYM.

2. **Initial Fee**. See Item 5 for a description of the Initial Fee. The Initial Fee is deemed fully earned and non-refundable under any circumstance upon payment.

3. **Misc. Supplies**. The supplies include first aid, janitorial disinfectants and other miscellaneous supplies.

4. **Opening Inventory**. The inventory does not fluctuate as a function of seasonal sales. The typical for-sale items held in opening inventory are boxing gloves, wraps, gis and rash guards. This will cover all inventory needs for pre-sale, Grand Opening, and the first three months of operation.

5. **Insurance**. As discussed in Item 8 and Section 9.1 of the Franchise Agreement, you must carry certain specified insurance. You will need to purchase and maintain at all times during the term of the Franchise Agreement a policy or policies of insurance, naming us and our Affiliates as additionally insureds. The method and timing of payments is a matter to be resolved between you and your insurer. Because the selection of the carrier, size of the Premises,

location of the Premises, value of the leasehold improvements, amount of inventory, amount of wages and other related conditions will vary, it is difficult to estimate the ultimate cost to you. Therefore, we can only estimate the total cost based upon quotes obtained from our approved carrier. Our best estimate is approximately $12,000 to 24,000 per year, paid at the rate of $1,000 to $2,000 per month.

6. **Signs & Graphics**. We will specify the signs and graphics and only those we approve will be used. Signs and graphics will be maintained in a condition acceptable to us at all times. You, at your own expense, must prepare, construct and erect the signs and graphics in accordance with approval from governmental authority and the landlord. The costs of fabricating and installing approved signs and graphics can vary depending upon local market conditions. The disclosed figures are based upon the average signage and graphics purchased by franchisees. This cost may increase if you decide to install additional signage to increase the visibility of your GYM location or purchase additional interior graphics packages. These costs are paid to us, when incurred, before beginning business and are usually not refundable.

7. **Office Equipment**. You will be required to purchase computer systems, monitors, tablets, hardware, software and office supplies in order to open your GYM. These costs are paid to suppliers, when incurred, before beginning business and are usually not refundable.

8. **Rent**. We expect that you will lease rather than own real estate and construct a building. Lease costs will vary based upon variances in: (i) size in square feet to be leased (we anticipate that your GYM location will be within the range of 1,500 to 3,000 square feet); (ii) cost per square foot; (iii) common area maintenance costs; and (iv) any initial term rent abatement offered by the landlord. These variances are determined by location, the length of the lease, the age of the leased property, local market conditions, the size of the Premises and the bargaining power of the developer or property management company. We assume that you will receive rent abatement during construction as well as your first three months of operation.

9. **Initial Advertising**. We feel strongly that you should enter the market in an aggressive way to maximize membership upon opening and minimize any early lack of awareness of UFC GYM Businesses among large numbers of potential customers in the Designated Territory. Initial advertising takes place from the Pre-Sale Date through your Grand Opening (typically about a 3- to 5-month period) and may include traditional, print, and digital marketing. Pre-Sale and Grand Opening promotional activities vary greatly based upon the nature of the events you elect and the local rates for services selected, for example, printing and advertising. We believe that $6,000 per month is sufficient to create initial awareness using a multi-media advertising program.

10. **Leasehold Improvements**. The cost of leasehold improvements for the GYM will vary as a function of size, condition and location of the Premises, price differences among contractors, local wage rates and material costs, other local conditions and the nature of the leasehold improvements you make. The range presented above is based on obtaining an "empty box," ready to be fit out, landlord assistance, and does not include the installation of a locker room, which we do not require or recommend for a UFC GYM Jiu Jitsu location. Without assistance from the landlord, we estimate that the total leasehold improvements, including floor covering, wall treatment, ceilings, painting, electrical, carpentry and similar work, can range from $20 to $33 per square foot for a UFC GYM Jiu Jitsu Business ranging between 1,500 to 3,000 square feet, depending upon the improvements your landlord agrees to install for you and any compatible improvements that already exist at the location. All leasehold improvements are directly related to conforming the Premises to our then current standards for layout (i.e. flooring, mirrors and paint), traffic flow and other specifications. These costs are paid to suppliers, when incurred, before beginning business and are usually not refundable. Your leasehold improvement costs may be less if, for example, your landlord provides you with a tenant improvement allowance. There is no guaranty that you will receive any tenant improvement allowance at all. Additionally, the previous tenant or landlord may have installed leasehold improvements that are very compatible, thereby reducing costs.

11. **Equipment**. The Equipment includes the audio/visual, flooring, functional fitness equipment, bags, and Octagon panel. Additionally, pre-sale marketing collateral and equipment are included in this amount as well. These costs are paid to us and are an estimate based upon you purchasing your Equipment in a lump sum and include installation, shipping and our installation consultation services.

12. **Music Licensing**. In order to play music during classes in your UFC GYM, you must purchase a music license through our master license program for all music licensing agencies, including but not limited to BMI, SESAC, GMR, and ASCAP. You will pay this fee monthly to us or an approved supplier to maintain your license. This estimate is for the first three months of your operation.

13. **Software Support Fee**. You must purchase EFT, billing and collection systems, and Web-based GYM Management software programs, from our approved supplier or us. The amount of the software support fee in the table above is for 3 months and is based on the current amount of the monthly fee. The amount of the monthly fee may change

under the terms of the support agreement. This fee does not include your monthly processing fee and credit card transaction fees which are generally charged as a percentage of sales processed.

14. **Utilities**. You may incur certain deposits with local utilities, for example, electric, telephone, gas, water, etc. These will vary depending on the policies of the local utilities.

15. **Licenses**. Local, municipal, county and state regulations vary on what licenses and permits are required to operate a UFC GYM Business. Classification of various types of fitness centers by local governments can cause the cost of licenses and bonds to vary. The total cost will depend in part, upon the size and location of your UFC GYM Business. These fees are paid to governmental authorities, when incurred, before beginning business and are usually not refundable.

16. **Legal**. While you must sign the Franchise Agreement individually and be personally bound by its terms, you may decide to form a corporation or other business entity and can transfer the Franchise Agreement to a corporation or other entity formed before beginning operations. Regardless of the ownership of the GYM, you must comply with the fictitious, assumed, or trade name statutes of the state in which the GYM will be located. The estimate includes attorneys' fees, publication fees, filing fees and other costs for incorporation, compliance with your state's fictitious or assumed name statute, review of your membership agreements for compliance with state law, and review of this Franchise Disclosure Document, depending on the scope of legal services rendered. These fees may vary from state-to-state depending on each state's laws and the prevailing rate of attorneys' fees. These costs are paid to attorneys, newspapers and governmental agencies, are not refundable and usually incurred before beginning business.

17. **TL&M**. You must attend Initial Training, and can have additional people (manager, coach) attend as well. The typical costs of training that you must bear are the transportation, lodging, compensation and meals. The estimate includes items that are non-discretionary in nature. Generally, these costs will vary widely as a function of the distance traveled, accommodations selected, restaurants selected, the distance between the hotel and the training center and the transportation selected. You must also pay for all out-of-pocket expenses, workers' compensation insurance and all employee compensation along with federal and state taxes for your Trainees. We assume no responsibility for your human resource-related liabilities or costs.

18. **MyZone**. This estimate includes the cost of MyZone-related equipment for your GYM, as well as heart rate monitor retail items for your customers and 3 months of license subscription fees.

19. **BOX HIIT Live**. This estimate includes the cost of the subscription for streaming and on-demand virtual workouts. You will begin paying these fees once memberships are sold, so the amount that you incur in the start-up period of operations will vary.

20. **Additional Funds**. You must have adequate additional funds as working capital before beginning operation of the GYM. The additional funds or working capital should be sufficient to keep the GYM in operation for 3-6 months and capable of covering the excess of expenses over cash flow from the GYM, covering independent contractor fees, employee salaries and taxes, inventory replenishment, insurance premiums, rent, utilities and other normal expenses that are associated with the day-to-day business operation of the GYM. You must be able to meet operating expenses from pre-opening, including hiring and training expenses, until the GYM develops sufficient cash flow to cover all costs. The estimated range does not include any payments to you during the start-up period. You must have sufficient personal resources to cover your living expenses during this period. Clearly, working capital requirements will be a function of your decisions regarding nearly every aspect of the GYM, for example, how closely you follow the System, your management skill, experience and acumen; the number of independent contractors you engage; the amounts of your payroll, rent and utilities; the size of your operations and many other expenses that you decide to incur. These figures are estimates and we do not guarantee that you will not have greater start-up expenses than these estimates, or that you will not need more operating funds than these estimates. We do not imply or guarantee that you will "break even" by any particular time.

21. **Financing**. We do not offer financing directly or indirectly for any part of your initial investment. The availability and terms of financing depend on the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan.

22. **Basis for Estimates**. We relied upon our management staff's years of experience as owners and operators of boxing and fitness gyms as well as our years of franchise operations, to compile these estimates. You must review these figures carefully with a business advisor before making any decisions to purchase a franchise for a UFC GYM Business.

YOUR ESTIMATED INITIAL INVESTMENT
Class by UFC GYM[1]

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Fee[2]	$30,000	Lump Sum	On signing the Franchise Agreement (and, if applicable, Development Rights Rider)	Us
Misc. Supplies [3]	$2,500 to $3,500	Lump sum	Before opening	Suppliers
Opening Inventory[4]	$8,000 to $20,000	Lump sum	Before opening	Us
Insurance[5]	$4,500 to $7,500	Monthly	Before opening	Insurer
Printing Signage and Graphics[6]	$15,000 to $30,000	Lump sum	Before opening	Us
Office Equipment/P.O.S. System[7]	$3,500 to $10,500	Lump Sum	Before opening	Suppliers
Rent/Security Deposit[8]	$0 to $20,000	Lump sum	As required	Landlord
Initial Advertising (Pre-Sale to Grand Opening)[9]	$15,000 to $31,000	As Incurred	As required	Suppliers
Leasehold Improvements[10]	$0 to $115,000	As Incurred	Before opening	Various contractors/ Suppliers
Equipment[11]	$110,000 to $130,000	Lump Sum	Before opening	Us
Music Licensing[12]	$621	Monthly	As required	Us or an approved supplier
Software Support Fee [13]	$1,110	Monthly	As required	Supplier or us
Utilities Deposits[14]	$1,500 to $2,500	As Incurred	As required	Suppliers
Licenses and Permits[15]	$500 to $6,000	Lump sum	As required	Governmental Agencies
Legal Review[16]	$1,000 to $4,500	Lump Sum	Before opening	Attorney
Travel, Lodging, Meals, Etc. for Initial Training[17]	$2,000 to $3,500	As Incurred	As required	Suppliers
MyZone[18]	$7,295 to $8,590	As Incurred	As required	Suppliers
Box HIIT Live (BHL)[19]	$0 to $50	Monthly	As required	Us or a third-party supplier
Additional Funds[20] (3-6 months)	$30,000 to $100,000	As Incurred	During the first 3-6 months of operation	Third Parties
TOTAL[21]	$232,526 to $524,371[22]			

Notes:

1. All amounts paid are non-refundable unless otherwise noted. The above is our best estimate of your initial investment to open a single Class by UFC GYM Business ranging in size from 2,000 square feet to 3,000 square feet. Except for the payment of the development fee (See Item 5 above), no separate initial investment is required when you sign a Development Rights Rider. The estimate presented covers the period before the opening of the GYM and for the initial phase of the GYM, estimated to be 3 months. Our estimates do not provide for your cash requirements to cover operating losses after the initial phase or personal living expenses. You must have additional sums available, whether in cash or through unsecured credit lines, or have other assets that you can liquidate, or that you can borrow against, to cover your personal living expenses and any operating losses after the initial phase of the GYM. We urge you to retain the services of an experienced accountant or financial advisor in order to develop a business plan and financial projections for the operation of the GYM. Your actual investment will vary depending upon local conditions particular to your geographic area or market; for example, real estate demand, availability and occupancy rates. Additional variables that will impact your initial investment are: size of the GYM; age of the structure; length of your lease or other instrument granting you the right of occupancy to the Premises;

if your space is to be built out by the developer with no initial out-of-pocket cost to you; lease arrangements; location in the market; costs of demolishing existing leasehold improvements; construction costs; landlord contributions to offset a portion of the leasehold improvements and construction costs, which may be in the form of cash or rent abatement over a set period, and other variable expenses and whether you currently hold a lease of an acceptable location. We do not expect you to purchase real estate or construct the building containing the GYM.

2. **Initial Fee**. See Item 5 for a description of the Initial Fee. The Initial Fee is deemed fully earned and non-refundable under any circumstance upon payment.

3. **Misc. Supplies**. The supplies include housekeeping, janitorial disinfectants and other miscellaneous supplies.

4. **Opening Inventory**. The inventory does not fluctuate as a function of seasonal sales. The typical for-sale items held in opening inventory are boxing gloves, accessories, heart rate monitors, and Class by UFC GYM apparel. This will cover all inventory needs for pre-sale, Grand Opening, and the first three months of operation.

5. **Insurance**. As discussed in Item 8 and Section 9.1 of the Franchise Agreement, you must carry certain specified insurance. You will need to purchase and maintain at all times during the term of the Franchise Agreement a policy or policies of insurance, naming us and our Affiliates as additionally insureds. The method and timing of payments is a matter to be resolved between you and your insurer. Because the selection of the carrier, size of the Premises, location of the Premises, value of the leasehold improvements, amount of inventory, amount of wages and other related conditions will vary, it is difficult to estimate the ultimate cost to you. Therefore, we can only estimate the total cost based upon quotes obtained from our approved carrier. Our best estimate is approximately $18,000 to $30,000 per year, paid at the rate of $1,500 to $2,500 per month.

6. **Graphics**. We will specify the signs and graphics and only those we approve will be used. Signs and graphics will be maintained in a condition acceptable to us at all times. You, at your own expense, must prepare, construct and erect the signs and graphics in accordance with approval from governmental authority and the landlord. The costs of fabricating and installing approved signs and graphics can vary depending upon local market conditions. The disclosed figures are based upon the average signage and graphics purchased by franchisees. This cost may increase if you decide to install additional signage to increase the visibility of your GYM location or purchase additional interior graphics packages. These costs are paid to us, when incurred, before beginning business and are usually not refundable.

7. **Office Equipment**. You will be required to purchase several computer systems, monitors, tablets, hardware, software and office supplies in or to open your GYM. These costs are paid to suppliers, when incurred, before beginning business and are usually not refundable.

8. **Rent**. We expect that you will lease rather than own real estate and construct a building. Lease costs will vary based upon variances in: (i) size in square feet to be leased (we anticipate that your GYM location will be within the range of 2,000 to 3,000 square feet); (ii) cost per square foot; (iii) common area maintenance costs; and (iv) any initial term rent abatement offered by the landlord. These variances are determined by location, the length of the lease, the age of the leased property, local market conditions, the size of the Premises and the bargaining power of the developer or property management company. We assume that you will receive rent abatement during construction as well as your first three months of operation.

9. **Initial Advertising**. We feel strongly that you should enter the market in an aggressive way to maximize membership upon opening and minimize any early lack of awareness of UFC GYM Businesses among large numbers of potential customers in the Designated Territory. Initial advertising takes place from the Pre-Sale Date through your Grand Opening (typically about a 3- to 4-month period) and may include mailings, internet advertising, bill boards, radio and/or television spots and personal appearances. Grand opening promotional activities vary greatly based upon the nature of the events you elect and the local rates for services selected, for example, printing and advertising. We believe that $15,000 per month is sufficient to create initial awareness using a multi-media advertising program.

10. **Leasehold Improvements**. The cost of leasehold improvements for the GYM will vary as a function of size, condition and location of the Premises, price differences among contractors, local wage rates and material costs, other local conditions and the nature of the leasehold improvements you make. The range presented above is based on obtaining an "empty box," ready to be fit out, landlord assistance, and does not include the installation of a locker room, which we do not require or recommend for a Class by UFC GYM location. Without assistance from the landlord, we estimate that the total leasehold improvements, including floor covering, wall treatment, ceilings, painting, electrical, carpentry and similar work, can range from $15 to $22 per square foot for a UFC GYM ranging between 2,000 to 3,000 square feet, depending upon the improvements your landlord agrees to install for you and any compatible improvements that already exist at the location. All leasehold improvements are directly related to

conforming the Premises to our then current standards for layout (i.e. rubber flooring, mirrors and paint), traffic flow and other specifications. These costs are paid to suppliers, when incurred, before beginning business and are usually not refundable. Your leasehold improvement costs may be less if, for example, your landlord provides you with a tenant improvement allowance. There is no guaranty that you will receive any tenant improvement allowance at all. Additionally, the previous tenant or landlord may have installed leasehold improvements that are very compatible, thereby reducing costs.

11. **Equipment**. The Equipment includes the audio/visual, cardio equipment, free weights, flooring, functional fitness equipment, bag cage, heavy punching bags. Additionally, pre-sale collateral table, cloth pop-up tent, and banner are included in this amount as well. These costs are paid to us and are an estimate based upon you purchasing your Equipment in a lump sum and include installation, shipping and our installation consultation services.

12. **Music Licensing**. In order to play music during classes in your UFC GYM, you must purchase a music license through our master license program for all music licensing agencies, including but not limited to BMI, SESAC, GMR, and ASCAP. You will pay this fee monthly to us or an approved supplier to maintain your license. This estimate is for the first three months of your operation.

13. **Software Support Fee.** You must purchase EFT, billing and collection systems, and Web-based GYM Management software programs, from our approved supplier or us. The amount of the software support fee in the table above is for 3 months and is based on the current amount of the monthly fee. The amount of the monthly fee may change under the terms of the support agreement. This fee does not include your monthly processing fee and credit card transaction fees which are generally charged as a percentage of sales processed.

14. **Utilities**. You may incur certain deposits with local utilities, for example, electric, telephone, gas, water, etc. These will vary depending on the policies of the local utilities.

15. **Licenses**. Local, municipal, county and state regulations vary on what licenses and permits are required to operate a UFC GYM Business. Classification of various types of fitness centers by local governments can cause the cost of licenses and bonds to vary. The total cost will depend in part, upon the size and location of your UFC GYM Business. These fees are paid to governmental authorities, when incurred, before beginning business and are usually not refundable.

16. **Legal**. While you must sign the Franchise Agreement individually and be personally bound by its terms, you may decide to form a corporation or other business entity and can transfer the Franchise Agreement to a corporation or other entity formed before beginning operations. Regardless of the ownership of the GYM, you must comply with the fictitious, assumed, or trade name statutes of the state in which the GYM will be located. The estimate includes attorneys' fees, publication fees, filing fees and other costs for incorporation, compliance with your state's fictitious or assumed name statute, review of your membership agreements for compliance with state law, and review of this Franchise Disclosure Document, depending on the scope of legal services rendered. These fees may vary from state-to-state depending on each state's laws and the prevailing rate of attorneys' fees. These costs are paid to attorneys, newspapers and governmental agencies, are not refundable and usually incurred before beginning business.

17. **TL&M.** You must bring no fewer than 4 people (owner, manager, instructor and salesperson) to Initial Training, of whom at least one must be the operating partner. The typical costs of training that you must bear are the transportation, lodging, compensation and meals. The estimate includes items that are non-discretionary in nature. Generally, these costs will vary widely as a function of the distance traveled, accommodations selected, restaurants selected, the distance between the hotel and the training center and the transportation selected. You must also pay for all out-of-pocket expenses, workers' compensation insurance and all employee compensation along with federal and state taxes for your Trainees. We assume no responsibility for your human resource-related liabilities or costs.

18. **MyZone**. This estimate includes the cost of MyZone-related equipment for your GYM, as well as heart rate monitor retail items for your customers and license subscription fees.

19. **BOX HIIT Live.** This estimate includes the cost of the subscription for streaming and on-demand virtual workouts. You will begin paying these fees once memberships are sold, so the amount that you incur in the start-up period of operations will vary.

20. **Additional Funds**. You must have adequate additional funds as working capital before beginning operation of the GYM. The additional funds or working capital should be sufficient to keep the GYM in operation for 3-6 months and capable of covering the excess of expenses over cash flow from the GYM, covering independent contractor fees, employee salaries and taxes, inventory replenishment, insurance premiums, rent, utilities and other normal expenses that are associated with the day-to-day business operation of the GYM. You must be able to meet operating expenses from pre-opening, including hiring and training expenses, until the GYM develops sufficient

cash flow to cover all costs. The estimated range does not include any payments to you during the start- up period. You must have sufficient personal resources to cover your living expenses during this period. Clearly, working capital requirements will be a function of your decisions regarding nearly every aspect of the GYM, for example, how closely you follow the System, your management skill, experience and acumen; the number of independent contractors you engage; the amounts of your payroll, rent and utilities; the size of your operations and many other expenses that you decide to incur. These figures are estimates and we do not guarantee that you will not have greater start-up expenses than these estimates, or that you will not need more operating funds than these estimates. We do not imply or guarantee that you will "break even" by any particular time.

21. **Financing**. We do not offer financing directly or indirectly for any part of your initial investment. The availability and terms of financing depend on the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan.

22. **Basis for Estimates**. We relied upon our management staff's years of experience as owners and operators of boxing and fitness gyms as well as our years of franchise operations, to compile these estimates. You must review these figures carefully with a business advisor before making any decisions to purchase a franchise for a UFC GYM Business.

YOUR ESTIMATED INITIAL INVESTMENT
UFC GYM (Core)[1]

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Fee[2]	$40,000	Lump Sum	On signing the Franchise Agreement (and, if applicable, Development Rights Rider)	Us
Misc. Supplies[3]	$2,500 to $4,500	Lump sum	Before opening	Suppliers
Opening Inventory[4]	$15,000 to $30,000	Lump sum	Before opening	Us
Insurance[5]	$7,500 to $10,500	Monthly	Before opening	Insurer
Printing Signage and Graphics[6]	$30,000 to $45,500	Lump sum	Before opening	Us
Office Equipment/P.O.S. System[7]	$3,500 to $10,500	Lump Sum	Before opening	Suppliers
Rent/Security Deposit[8]	$0 to $50,000	Lump sum	As required	Landlord
Initial Advertising (Pre-Sale to Grand Opening)[9]	$27,500 to $50,000	As Incurred	As required	Suppliers
Leasehold Improvements[10]	$0 to $500,000	As Incurred	Before opening	Various contractors/ Suppliers
Equipment[11]	$250,000 to $500,000	Lump Sum	Before opening	Us
Music Licensing[12]	$621	Monthly	As required	Us or an approved supplier
Software Licensing/Support Fee[13]	$1,050	Monthly	As required	Supplier
Utilities Deposits[14]	$0 to $5,000	As Incurred	As required	Suppliers
Licenses & Permits[15]	$5,000 to $15,000	Lump sum	As required	Governmental Agencies
Legal Review[16]	$5,000 to $8,500	Lump sum	Before opening	Attorney
Travel, Lodging, Meals, Etc. for Initial Training[17]	$3,500 to $6,500	As Incurred	As required	Suppliers
MyZone[18]	$7,794 to $9,089	As Incurred	As required	Suppliers
Box HIIT Live (BHL)[19]	$0 to $100	Monthly	As required	Us or a third-party supplier
Additional Funds[20] (3-6 months)	$150,000 to $300,000	As Incurred	During the first 3-6 months of operation	Third Parties

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
TOTAL[21]	$548,965 to $1,586,860[22]			

Notes:

1. All amounts paid are non-refundable unless otherwise noted. The above is our best estimate of your initial investment to open a single UFC GYM Business ranging in size from 8,000 square feet to 12,000 square feet. Except for the payment of the development fee (See Item 5 above), no separate initial investment is required when you sign a Development Rights Rider. The estimate presented covers the period before the opening of the GYM and for the initial phase of the GYM, which is estimated to be 3 months. Our estimates do not provide for your cash requirements to cover operating losses after the initial phase or personal living expenses. You must have additional sums available, whether in cash or through unsecured credit lines, or have other assets that you can liquidate, or that you can borrow against, to cover your personal living expenses and any operating losses after the initial phase of the GYM. We urge you to retain the services of an experienced accountant or financial advisor in order to develop a business plan and financial projections for the operation of the GYM. Your actual investment will vary depending upon local conditions particular to your geographic area or market; for example, real estate demand, availability and occupancy rates. Additional variables that will impact your initial investment are: size of the GYM; age of the structure; length of your lease or other instrument granting you the right of occupancy to the Premises; if your space is to be built out by the developer with no initial out-of-pocket cost to you; lease arrangements; location in the market; costs of demolishing existing leasehold improvements; construction costs; landlord contributions to offset a portion of the leasehold improvements and construction costs, which may be in the form of cash or rent abatement over a set period, and other variable expenses and whether you currently hold a lease of an acceptable location. We do not expect you to purchase real estate or construct the building containing the GYM.

2. **Initial Fee**. See Item 5 for a description of the Initial Fee. The Initial Fee is deemed fully earned and non-refundable under any circumstance upon payment.

3. **Misc. Supplies**. The supplies include housekeeping, janitorial disinfectants and other miscellaneous supplies.

4. **Opening Inventory**. The inventory does not fluctuate as a function of seasonal sales. The typical for-sale items held in opening inventory are boxing gloves, protective gear, and UFC GYM apparel.

5. **Insurance**. As discussed in Item 8 and Section 9.1 of the Franchise Agreement, you must carry certain specified insurance. You will need to purchase and maintain at all times during the term of the Franchise Agreement a policy or policies of insurance, naming us and our Affiliates as additionally insureds. The method and timing of payments is a matter to be resolved between you and your insurer. Because the selection of the carrier, size of the Premises, location of the Premises, value of the leasehold improvements, amount of inventory, amount of wages and other related conditions will vary, it is difficult to estimate the ultimate cost to you. Therefore, we can only estimate the total cost based upon quotes obtained from our approved carrier. Our best estimate is approximately $30,000 to $42,000 per year, paid at the rate of $2,500 to $3,500 per month.

6. **Graphics**. We will specify the signs and graphics and only those we approve will be used. Signs and graphics will be maintained in a condition acceptable to us at all times. You, at your own expense, must prepare, construct and erect the signs and graphics in accordance with approval from governmental authority and the landlord. The costs of fabricating and installing approved signs and graphics can vary depending upon local market conditions. The disclosed figures are based upon the average signage and graphics purchased by franchisees. This cost may increase if you decide to install additional signage to increase the visibility of your GYM location or purchase additional interior graphics packages. These costs are paid to us, when incurred, before beginning business and are usually not refundable.

7. **Office Equipment**. You will be required to purchase several computer systems, monitors, tablets, hardware, software and office supplies in or to open you GYM. These costs are paid to suppliers, when incurred, before beginning business and are usually not refundable.

8. **Rent**. We expect that you will lease rather than own real estate and construct a building. Lease costs will vary based upon variances in: (i) size in square feet to be leased (we anticipate that your GYM location will be within the range of 8,000-12,000 square feet); (ii) cost per square foot; (iii) common area maintenance costs; and (iv) any initial term rent abatement offered by the landlord. These variances are determined by location, the length of the lease, the age of the leased property, local market conditions, the size of the Premises and the bargaining power of the developer or property management company. We assume that the landlord will require first months' rent and a security deposit equal to one months' rent.

9. **Initial Advertising.** We feel strongly that you should enter the market in an aggressive way to maximize membership upon opening and minimize any early lack of awareness of UFC GYM Businesses among large numbers of potential customers in the Designated Territory. Initial advertising takes place from the Pre-Sale Date through your Grand Opening (typically about a 5-6-month period) and may include mailings, internet advertising, bill boards, radio and/or television spots and personal appearances. Grand opening promotional activities vary greatly based upon the nature of the events you elect and the local rates for services selected, for example, printing and advertising. We believe that $37,500 is sufficient to create initial awareness using a multi-media advertising program.

10. **Leasehold Improvements**. The cost of leasehold improvements for the GYM will vary as a function of size, condition and location of the Premises, price differences among contractors, local wage rates and material costs, other local conditions and the nature of the leasehold improvements you make. The range presented above is based on obtaining landlord assistance. Without assistance from the landlord, we estimate that the total leasehold improvements, including floor covering, wall treatment, ceilings, painting, electrical, carpentry and similar work, can range from $30 to $40 per square foot for a 8,000 to 12,000 square foot UFC GYM, depending upon the improvements your landlord agrees to install for you and any compatible improvements that already exist at the location. All leasehold improvements are directly related to conforming the Premises to our then current standards for layout (i.e. rubber flooring, mirrors and paint), traffic flow and other specifications. These costs are paid to suppliers, when incurred, before beginning business and are usually not refundable. Your leasehold improvement costs may be less if, for example, your landlord provides you with a tenant improvement allowance, which can typically range from $10 to $20 per square foot, or more. The $10 to $20 per square foot range for tenant improvement allowance results in a net total cost for leasehold improvements of $20 to $35. There is no guaranty that you will receive any tenant improvement allowance at all. Additionally, he previous tenant or landlord may have installed leasehold improvements that are very compatible, thereby reducing costs.

11. **Equipment**. The Equipment includes the cardio and strength machines and free weights, flooring, functional fitness equipment, an octagon, bag cage, heavy punching bags, speed bags, retail counters the octagon storage compartments and a web-based camera and audio/visual system. These costs are paid to us and are an estimate based upon you purchasing your Equipment in a lump sum and include installation and shipping and exclude costs.

12. **Music Licensing**. In order to play music during classes in your UFC GYM, you must purchase a music license through our master license program for all music licensing agencies, including but not limited to BMI, SESAC, GMR, and ASCAP. You will pay this fee monthly to us or an approved supplier to maintain your license. This estimate is for the first three months of your operation.

13. **Software Licensing and Support Fees**. You must purchase or license EFT, billing and collection systems, and Web-based membership management and sales and marketing software programs, from our approved supplier. You must enter into a license and support agreement with the approved supplier. The license and support agreement requires you to pay the approved supplier monthly fees (currently, $350 per month). The amount of the software license and support fees in the table above is for 3 months and is based on the current amount of the flat monthly fees. The amount of the monthly fees may change under the terms of the licensing/support agreement. These fees do not include your monthly processing and support fees, and credit card transaction fees, that are charged as a percentage of sales. There may be additional fees as incurred, such as merchant charge-back fees, merchant retrieval fees, service fees, late fees, and additional fees for text, email, and phone options if you elect to add those services.

14. **Utilities**. You may incur certain deposits with local utilities, for example, electric, telephone, gas, water, etc. These will vary depending on the policies of the local utilities.

15. **Licenses**. Local, municipal, county and state regulations vary on what licenses and permits are required to operate a UFC GYM Business. Classification of various types of fitness centers by local governments can cause the cost of licenses and bonds to vary. The total cost will depend in part, upon the size and location of your UFC GYM Business. These fees are paid to governmental authorities, when incurred, before beginning business and are usually not refundable.

16. **Legal**. While you must sign the Franchise Agreement individually and be personally bound by its terms, you may decide to form a corporation or other business entity and can transfer the Franchise Agreement to a corporation or other entity formed before beginning operations. Regardless of the ownership of the GYM, you must comply with the fictitious, assumed, or trade name statutes of the state in which the GYM will be located. The estimate includes attorneys' fees, publication fees, filing fees and other costs for incorporation, compliance with your state's fictitious or assumed name statute, review of your membership agreements for compliance with state law, and review of this Franchise Disclosure Document, depending on the scope of legal services rendered. These fees may vary from state-to-state depending on each state's laws and the prevailing rate of attorneys' fees. These costs are paid to attorneys, newspapers and governmental agencies, are not refundable and usually incurred before beginning business.

17. **TL&M**. You must bring no fewer than 3 people (owner, instructor and salesperson) to Initial Training, of whom at least one must be the operating partner. The typical costs of training that you must bear are the transportation, lodging, compensation and meals. The estimate includes items that are non-discretionary in nature. Generally, these costs will vary widely as a function of the distance traveled, accommodations selected, restaurants selected, the distance between the hotel and the training center and the transportation selected. You must also pay for all out-of-pocket expenses, workers' compensation insurance and all employee compensation along with federal and state taxes for your Trainees. We assume no responsibility for your human resource-related liabilities or costs.

18. **MyZone**. This estimate includes the cost of MyZone-related equipment for your GYM, as well as heart rate monitor retail items for your customers and license subscription fees.

19. **BOX HIIT Live**. This estimate includes the cost of the subscription for streaming and on-demand virtual workouts. You will begin paying these fees once memberships are sold, so the amount that you incur in the start-up period of operations will vary.

20. **Additional Funds**. You must have adequate additional funds as working capital before beginning operation of the GYM. The additional funds or working capital should be sufficient to keep the GYM in operation for 3-6 months and capable of covering the excess of expenses over cash flow from the GYM, covering independent contractor fees, employee salaries and taxes, inventory replenishment, insurance premiums, rent, utilities and other normal expenses that are associated with the day-to-day business operation of the GYM. You must be able to meet operating expenses from pre-opening, including hiring and training expenses, until the GYM develops sufficient cash flow to cover all costs. The estimated range does not include any payments to you during the start- up period. You must have sufficient personal resources to cover your living expenses during this period. Clearly, working capital requirements will be a function of your decisions regarding nearly every aspect of the GYM, for example, how closely you follow the System, your management skill, experience and acumen; the number of independent contractors you engage; the amounts of your payroll, rent and utilities; the size of your operations and many other expenses that you decide to incur. These figures are estimates and we do not guarantee that you will not have greater start-up expenses than these estimates, or that you will not need more operating funds than these estimates. We do not imply or guarantee that you will "break even" by any particular time.

21. **Financing**. We do not offer financing directly or indirectly for any part of your initial investment. The availability and terms of financing depend on the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan.

22. **Basis for Estimates**. We relied upon our management staff's years of experience as owners and operators of boxing and fitness gyms as well as our years of franchise operations, to compile these estimates. You must review these figures carefully with a business advisor before making any decisions to purchase a franchise for a UFC GYM Business.

YOUR ESTIMATED INITIAL INVESTMENT
UFC GYM (Signature) or UFC FIT[1]

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Fee[2]	$50,000	Lump Sum	On signing the Franchise Agreement (and, if applicable, Development Rights Rider)	Us
Misc. Supplies[3]	$5,000 to $13,000	Lump sum	Before opening	Suppliers
Opening Inventory[4]	$20,000 to $40,000	Lump sum	Before opening	Us
Insurance[5]	$10,500 to $16,500	Monthly	Before opening	Insurer
Printing Signage and Graphics[6]	$50,000 to $100,000	Lump sum	Before opening	Us
Office Equipment/P.O. S. System[7]	$13,000 to $27,000	Lump Sum	Before opening	Suppliers
Rent/Security Deposit[8]	$0 to $105,000	Lump sum	As required	Landlord
Initial Advertising (Pre-Sale to Grand Opening)[9]	$65,000 to $125,000	As Incurred	As required	Suppliers
Leasehold Improvements [10]	$0 to $2,047,443	As Incurred	Before opening	Various contractors /Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Equipment[11]	$1,200,000 to $2,200,000	Lump Sum	Before opening	Us
Music Licensing[12]	$621	Monthly	As required	Us or an approved supplier
Software Licensing/Support Fee[13]	$1,050	Monthly	As required	Supplier
Utilities Deposits[14]	$5,000 to $20,000	As Incurred	As required	Suppliers
Licenses and Permits[15]	$5,000 to $25,000	Lump sum	As required	Governmental Agencies
Legal Review[16]	$5,000 to $25,000	Lump Sum	Before opening	Attorney
Travel, Lodging, Meals, Etc. for Initial Training[17]	$3,500 to $12,000	As Incurred	As required	Suppliers
MyZone[18]	$10,277 to $13,277	As Incurred	As required	Suppliers
Box HIIT Live (BHL)[19]	$0 to $300	Monthly	As required	Us or a third-party supplier
Additional Funds[20] (3-6 months)	$275,000 to $850,000	As Incurred	During the first 3-6 months of operation	Third Parties
TOTAL[21]	$1,718,948 to $5,671,191[22]			

Notes:

1. All amounts paid are non-refundable unless otherwise noted. The above is our best estimate of your initial investment to open a single UFC GYM Business ranging in size from 20,000 to 40,000 square feet. Except for the payment of the development fee (See Item 5 above), no separate initial investment is required when you sign a Development Rights Rider. The estimate presented covers the period before the opening of the GYM and for the initial phase of the GYM, estimated to be 3 months. The estimates above are for a UFC GYM (Signature) or UFC FIT. Our estimates do not provide for your cash requirements to cover operating losses after the initial phase or personal living expenses. You must have additional sums available, whether in cash or through unsecured credit lines, or have other assets that you can liquidate, or that you can borrow against, to cover your personal living expenses and any operating losses after the initial phase of the GYM. We urge you to retain the services of an experienced accountant or financial advisor in order to develop a business plan and financial projections for the operation of the GYM. Your actual investment will vary depending upon local conditions particular to your geographic area or market; for example, real estate demand, availability and occupancy rates. Additional variables that will impact your initial investment are: size of the GYM; age of the structure; length of your lease or other instrument granting you the right of occupancy to the Premises; if your space is to be built out by the developer with no initial out-of-pocket cost to you; lease arrangements; location in the market; costs of demolishing existing leasehold improvements; construction costs; landlord contributions to offset a portion of the leasehold improvements and construction costs, which may be in the form of cash or rent abatement over a set period, and other variable expenses and whether you currently hold a lease of an acceptable location. We do not expect you to purchase real estate or construct the building containing the GYM.

2. **Initial Fee**. See Item 5 for a description of the Initial Fee. The Initial Fee is deemed fully earned and non-refundable under any circumstance upon payment.

3. **Misc. Supplies**. The supplies include housekeeping, janitorial disinfectants and other miscellaneous supplies.

4. **Opening Inventory.** The inventory does not fluctuate as a function of seasonal sales. The typical for-sale items held in opening inventory are boxing gloves, protective gear, martial arts gear, accessories, 400 founding members kits, employee apparel and UFC GYM apparel.

5. **Insurance**. As discussed in Item 8 and Section 9.1 of the Franchise Agreement, you must carry certain specified insurance. You will need to purchase and maintain at all times during the term of the Franchise Agreement a policy or policies of insurance, naming us and our Affiliates as additionally insureds. The method and timing of payments is a matter to be resolved between you and your insurer. Because the selection of the carrier, size of the Premises, location of the Premises, value of the leasehold improvements, amount of inventory, amount of wages and other related conditions will vary, it is difficult to estimate the ultimate cost to you. Therefore, we can only estimate the total cost based upon quotes obtained from our approved carrier. Our best estimate is approximately $42,000 to $66,000 per year, paid at the rate of $3,500 to $5,500 per month.

6. **Graphics**. We will specify the signs and graphics and only those we approve will be used. Signs and graphics will be maintained in a condition acceptable to us at all times. You, at your own expense, must prepare, construct and erect the signs and graphics in accordance with approval from governmental authority and the landlord. The costs of fabricating and installing approved signs and graphics can vary depending upon local market conditions. The disclosed figures are based upon the average signage and graphics purchased by franchisees. This cost may increase if you decide to install additional signage to increase the visibility of your GYM location or purchase additional interior graphics packages. These costs are paid to us, when incurred, before beginning business and are usually not refundable.

7. **Office Equipment**. You will be required to purchase several computer systems, monitors, tablets, hardware, software and office supplies in or to open you GYM. These costs are paid to suppliers, when incurred, before beginning business and are usually not refundable.

8. **Rent**. We expect that you will lease rather than own real estate and construct a building. Lease costs will vary based upon variances in: (i) size in square feet to be leased (we anticipate that your GYM location will be 18,000 square feet or larger); (ii) cost per square foot; (iii) common area maintenance costs; and (iv) any initial term rent abatement offered by the landlord. These variances are determined by location, the length of the lease, the age of the leased property, local market conditions, the size of the Premises and the bargaining power of the developer or property management company. We assume that the landlord will require first months' rent and a security deposit equal to one months' rent.

9. **Initial Advertising**. We feel strongly that you should enter the market in an aggressive way to maximize membership upon opening and minimize any early lack of awareness of UFC GYM Businesses among large numbers of potential customers in the Designated Territory. Initial advertising takes place from the Pre-Sale Date through your Grand Opening (typically about a 5-6-month period), includes your Pre-Sale kit (table cloth, tent/hardware, backdrop), and may include mailings, internet advertising, bill boards, radio and/or television spots and personal appearances. Grand opening promotional activities vary greatly based upon the nature of the events you elect and the local rates for services selected, for example, printing and advertising. We believe that $125,000 is sufficient to create initial awareness using a multi-media advertising program.

10. **Leasehold Improvements**. The cost of leasehold improvements for the GYM will vary as a function of size, condition and location of the Premises, price differences among contractors, local wage rates and material costs, other local conditions and the nature of the leasehold improvements you make. The range presented above is based on obtaining landlord assistance. Without assistance from the landlord, we estimate that the total leasehold improvements, including floor covering, wall treatment, ceilings, painting, electrical, carpentry and similar work, can range from $30 to $45 per square foot for a 20,000 square foot or larger UFC GYM, depending upon the improvements your landlord agrees to install for you and any compatible improvements that already exist at the location. All leasehold improvements are directly related to conforming the Premises to our then current standards for layout (i.e. rubber flooring, mirrors and paint), traffic flow and other specifications. These costs are paid to suppliers, when incurred, before beginning business and are usually not refundable. Your leasehold improvement costs may be less if, for example, your landlord provides you with a tenant improvement allowance, which can typically range from $10 to $20 per square foot, or more. The $10 to $20 per square foot range for tenant improvement allowance results in a net total cost for leasehold improvements of $20 to $35. This estimate does not include a pool, which is not required, and will substantially increase the costs. There is no guaranty that you will receive any tenant improvement allowance at all. Additionally, the previous tenant or landlord may have installed leasehold improvements that are very compatible, thereby reducing costs.

11. **Equipment**. The Equipment includes the cardio and strength machines and free weights, flooring, functional fitness equipment, an octagon, bag cage, heavy punching bags, speed bags, retail counters the octagon storage compartments, audio/visual equipment and a web-based camera and audio/visual system. These costs are paid to us and are an estimate based upon you purchasing your Equipment in a lump sum and include installation and shipping and exclude costs.

12. **Music Licensing**. In order to play music during classes in your UFC GYM, you must purchase a music license through our master license program for all music licensing agencies, including but not limited to BMI, SESAC, GMR, and ASCAP. You will pay this fee monthly to us or an approved supplier to maintain your license. This estimate is for the first three months of your operation.

13. **Software Licensing and Support Fees**. You must purchase or license EFT, billing and collection systems, and Web-based membership management and sales and marketing software programs, from our approved supplier. You must enter into a license/support agreement with the approved supplier. The license/support agreement requires you to pay the approved supplier monthly fees (currently, $350 per month). The amount of the software license/support fees in the table above is for 3 months and is based on the current amount of the monthly fees. The amount of the

monthly fees may change under the terms of the support agreement. These fees do not include your monthly processing and support fees, and credit card transaction fees, that are charged as a percentage of sales. There may be additional fees as incurred, such as merchant charge-back fees, merchant retrieval fees, service fees, late fees, and additional fees for text, email, and phone options if you elect to add those services.

14. **Utilities**. You may incur certain deposits with local utilities, for example, electric, telephone, gas, water, etc. These will vary depending on the policies of the local utilities.

15. **Licenses**. Local, municipal, county and state regulations vary on what licenses and permits are required to operate a UFC GYM Business. Classification of various types of fitness centers by local governments can cause the cost of licenses and bonds to vary. The total cost will depend in part, upon the size and location of your UFC GYM Business. These fees are paid to governmental authorities, when incurred, before beginning business and are usually not refundable.

16. **Legal**. While you must sign the Franchise Agreement individually and be personally bound by its terms, you may decide to form a corporation or other business entity and can transfer the Franchise Agreement to a corporation or other entity formed before beginning operations. Regardless of the ownership of the GYM, you must comply with the fictitious, assumed, or trade name statutes of the state in which the GYM will be located. The estimate includes attorneys' fees, publication fees, filing fees and other costs for incorporation, compliance with your state's fictitious or assumed name statute, review of your membership agreements for compliance with state law, and review of this Franchise Disclosure Document, depending on the scope of legal services rendered. These fees may vary from state-to-state depending on each state's laws and the prevailing rate of attorneys' fees. These costs are paid to attorneys, newspapers and governmental agencies, are not refundable and usually incurred before beginning business.

17. **TL&M**. You must bring no fewer than 4 people (owner, instructor, General Manager and salesperson) to Initial Training, of whom at least one must be the operating partner. The typical costs of training that you must bear are the transportation, lodging, compensation and meals. The estimate includes items that are non-discretionary in nature. Generally, these costs will vary widely as a function of the distance traveled, accommodations selected, restaurants selected, the distance between the hotel and the training center and the transportation selected. You must also pay for all out-of-pocket expenses, workers' compensation insurance and all employee compensation along with federal and state taxes for your Trainees. We assume no responsibility for your human resource-related liabilities or costs.

18. **MyZone**. This estimate includes the cost of MyZone-related equipment for your GYM, as well as heart rate monitor retail items for your customers and license subscription fees.

19. **BOX HIIT Live**. This estimate includes the cost of the subscription for streaming and on-demand virtual workouts. You will begin paying these fees once memberships are sold, so the amount that you incur in the start-up period of operations will vary.

20. **Additional Funds**. You must have adequate additional funds as working capital before beginning operation of the GYM. The additional funds or working capital should be sufficient to keep the GYM in operation for 3-6 months and capable of covering the excess of expenses over cash flow from the GYM, covering independent contractor fees, employee salaries and taxes, inventory replenishment, insurance premiums, rent, utilities and other normal expenses that are associated with the day-to-day business operation of the GYM. You must be able to meet operating expenses from pre-opening, including hiring and training expenses, until the GYM develops sufficient cash flow to cover all costs. The estimated range does not include any payments to you during the start- up period. You must have sufficient personal resources to cover your living expenses during this period. Clearly, working capital requirements will be a function of your decisions regarding nearly every aspect of the GYM, for example, how closely you follow the System, your management skill, experience and acumen; the number of independent contractors you engage; the amounts of your payroll, rent and utilities; the size of your operations and many other expenses that you decide to incur. These figures are estimates and we do not guarantee that you will not have greater start-up expenses than these estimates, or that you will not need more operating funds than these estimates. We do not imply or guarantee that you will "break even" by any particular time.

21. **Financing**. We do not offer financing directly or indirectly for any part of your initial investment. The availability and terms of financing depend on the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan.

22. **Basis for Estimates**. We relied upon our management staff's years of experience as owners and operators of boxing and fitness gyms as well as our years of franchise operations, to compile these estimates. You must review these figures carefully with a business advisor before making any decisions to purchase a franchise for a UFC GYM Business.

Estimated Initial Investment for a Conversion of Company-Owned Location.

If you operate an existing fitness facility converting to a UFC GYM franchise, your initial investment typically will be less than the initial investment for a new location, as you may not have to make significant leasehold improvements to your location and you may already have fitness equipment that conforms to our System standards. In some cases, the existing fitness facility and premises will require significant investment to conform to our standards, in which case your initial investment will increase.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your UFC GYM Business in strict conformance with the methods, standards, and specifications that we prescribe in our confidential operations manuals and various other manuals and writings prepared by us for our franchisees' use in operating the UFC GYM Business (collectively the "Operations Manual"), which may change periodically. The Operations Manual covers many aspects of the UFC GYM Business, such as merchandising techniques, and management. In addition, you must ensure your compliance with all federal, state, and local laws and regulations and must obtain our prior written consent before changing any of our standards or specifications for establishing and operating a UFC GYM Business to comply with applicable laws and regulations.

APPROVED PRODUCTS, SERVICES AND SUPPLIERS

To maintain quality and uniformity throughout the UFC GYM System, we have developed certain UFC GYM Products and equipment for use in the System. You must purchase from us, or from an approved source we designate and license, all of your UFC GYM Products and equipment, which may be amended or modified by us periodically, all in accordance with our requirements then in effect. All UFC GYM Products and equipment sold by or through us to you must be sold under the terms we, or the manufacturer of the UFC GYM Products and/or equipment, states in writing. You must purchase from us, or from an approved source we designate and license, all of your UFC GYM Products and equipment, all in accordance with our requirements then in effect. The exercise equipment, products, supplies and services include, but are not limited to: exercise equipment (such as: free weights, dumbbells, kettle bells, weighted bags, employee uniforms, etc. as described in Item 7), furniture and fixtures (such as tables, professional size octagon, and boxing equipment infrastructure to accommodate heavy-bag installations., etc.), floor plans and products (required layout and floor plan, etc. as described in Item 5), proprietary products (which are products that carry the UFC GYM brand), supplies (such as: first aid kits, towels, cleaning products, miscellaneous, etc.), sound and audio system, computers, software, promotional merchandise, apparel, advertising materials (advertising described more in Item 11), signage, merchant services, event marketing opportunities, billing and collection systems, and Web-based membership management software programs. We will provide you with recommended procedures and strategies when purchasing exercise equipment, products and supplies for your GYM, a written list of approved exercise equipment, products and supplies from during our initial training program.

If any piece of exercise equipment, product, service, vendor or supplier is not authorized by us, you are prohibited from using, offering or selling it in the UFC GYM franchise. All goods and services you sell must meet the high standards set by us and we must approve all services and products you sell. You are required to maintain a minimum inventory of products or exercise equipment to offer for sale in your GYM (currently we do not authorize you to sell exercise equipment) and we retain the rights to do so in the future. If we develop proprietary exercise equipment or software in the future, you must purchase such exercise equipment and/or software from us, our affiliates or approved suppliers. We will derive revenue from products and equipment you purchase from us, as described later in this Item, and we use this revenue to offset our operating expenses. Certain of our officers own an interest in P5 Wear, LLC, which is a required supplier of apparel products.

To help maintain the uniform and high standards necessary to retain and enhance the good will of the System and your acceptance in your market, we provide specifications and/or required suppliers for the purchase

and/or lease of certain items. Specifications may include standards for enhancing the System's image and minimum standards for safety, appearance and other factors. We design and modify specifications based upon the uniform and high standards that we institute throughout the UFC GYM Business. Specifications are issued to you in the Manuals or otherwise in writing. We will provide you with a list of the approved products and suppliers upon signing your Franchise Agreement. All approved services and suppliers who demonstrate, to our continuing reasonable satisfaction: (i) the ability to meet our reasonable standards and specifications for the items on a System-wide basis; (ii) possess adequate quality controls and capacity to supply your needs promptly, reliably and nationwide; and (iii) have been approved in writing by us and not later disapproved. We may approve a single supplier for any brand and may approve a supplier only as to a certain brand or brands. In approving suppliers for the System, we may take into consideration the price and quality of the products or services and the reliability of the supplier and other factors, including the supplier's ability to provide the products or services System-wide. We may concentrate purchases with one or more suppliers to obtain the lowest prices and/or the best advertising support and/or services for any group of UFC GYM franchisees or UFC GYM Businesses. Approval of a supplier may be conditioned on requirements for the frequency of delivery, standards of service, including prompt attention to complaints, and concentration of purchases, as stated above, and may be temporary, pending our additional evaluation of the supplier. If we later disapprove a supplier, we will notify you in writing of the disapproval. You must cease purchasing from that supplier within a reasonable time after your receipt of our notice of disapproval.

We are not the sole supplier for all UFC GYM Products, equipment and services. However, franchisees can only purchase these items from our designated and approved suppliers and vendors. We provide material benefits to you based on your use of designated and approved sources through negotiated purchase arrangements with suppliers for your benefit and the benefit of the other franchisees.

REVENUE FROM DESIGNATED AND APPROVED SUPPLIERS

We receive rebates or other consideration from certain designated and approved suppliers. The rebates we receive are based on a percentage of the monthly fees UFC GYM franchisees pay to our designated and approved suppliers. We also receive a monthly payment of $20 from the supplier if a franchisee elects to sell supplements at the GYM. We also receive payment from suppliers ranging from 2% - 20% of franchisee purchases. We reserve the contractual right to change or modify our supplier programs to be compensated by a supplier for creating or maintaining a relationship or arrangement with designated and/or approved suppliers in the future.

As of our fiscal year ended December 31, 2024, we derived $1,631,993, or 21% of our total revenue of $7,726,024 from required purchases and leases. This information was obtained from our audited financial statements, see Exhibit H.

Assuming the estimated minimum initial costs to begin operations and other financial obligations are within the ranges described in Item 7, we estimate that, collectively, the purchases and leases described above are virtually 70% of your overall purchases and leases in establishing and operating the GYM.

ALTERNATE SUPPLIER APPROVAL PROCESS

If you propose to purchase or lease any equipment, supplies, inventory, advertising materials, insurance, construction services or other products or services from an unapproved supplier, you must submit to us a written request for approval or request the supplier to do so itself. We have the right to require, as a condition of its approval that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, at our option, either to us or to an independent, certified laboratory we designate for testing. We will not be liable for damage to any sample that may result from the testing process. You must pay a charge not to exceed the reasonable cost of the inspection and the actual cost of the testing. You must also, as a condition to its approval, request that the supplier present (i) satisfactory evidence of insurance, for example, product liability insurance, protecting us and you from all claims from the use of the item within the System and (ii) satisfactory

evidence of the supplier's ability to provide the products or services on a System-wide basis. We will give approval or disapproval in writing and delivered to you by regular mail within 30 days after all testing and the above conditions have been completed, if possible. We reserve the right, at our option, to re-inspect the facilities and products of any approved supplier and continue to sample the products at the supplier's expense and to revoke approval upon the supplier's failure to continue to meet our standards and specifications. Our criteria for supplier approval are available to you.

PURCHASING OR DISTRIBUTION COOPERATIVES

There are currently no purchasing or distribution cooperatives that you must join or in which you may participate. We do not discriminate among our franchisees based upon a particular franchisee's use of an approved supplier. We do not condition our delivery of material benefits, such as the grant of a successor or additional franchise, on your use of designated or approved sources. However, failure to use approved items/suppliers could be a default under the Franchise Agreement and, in general, any franchisee in default would not be awarded a successor or additional franchise and might even be subject to Termination.

The Development Rights Rider does not require you to buy or lease from us (or our affiliates), our designees, or approved suppliers, or according to our specifications, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items. You must give us information and materials we request regarding each site at which you propose to operate a UFC GYM Business so we can assess that site.

INSURANCE

We currently have a designated insurance supplier from which you are required to procure and maintain in force: (a) commercial general liability (including completed/operations/product liability) insurance: (b) Special Form property insurance, including fire and extended coverage, vandalism and malicious mischief insurance, for 100% of the replacement value of your UFC GYM and its contents; and (c) any other insurance policies, like business interruption insurance, automobile insurance, unemployment insurance, cyber liability insurance, excess umbrella insurance and worker's compensation insurance (with a broad form all-states endorsement) insurance, as we may determine periodically and as required by law. For any interruption in the operation of the UFC GYM business due to a cyber event, whether or not you have sufficient insurance coverage, you must continue to pay us, during the period of interruption, continuing royalty fees based on the average monthly royalty fees paid by your during the 12 months immediately preceding the period of interruption. For any interruption in the operation of the UFC GYM business for any other reason, you must continue to pay us, during the period of interruption, continuing royalty fees paid by you during the twelve (12) months immediately preceding the period of interruption, if you have business interruption insurance. Your insurance must also cover identity theft and theft of personal information, including the costs of notifying members whose information has been compromised. All insurance policies must name us and our primary Affiliates as additional insured parties.

The cost of insurance purchased in accordance with our specifications will represent approximately 2% of your total purchases in connection with the establishment of the GYM, and 2% of your total purchases in the operation of the GYM. These percentages do not include worker's compensation insurance that will vary with the payroll amount and category of employees.

Set forth below are the types and minimum coverage amounts that we currently typically require for each franchised UFC GYM business per location. If your state requires greater coverage amounts for the categories listed below, you must obtain and maintain coverage as required by your state.

COMMERCIAL GENERAL LIABILITY:	
Each Occurrence	$1,000,000
General Aggregate Limit	$2,000,000

Products/Completed Operations Aggregate Limit	$2,000,000
Personal and Advertising Injury Limit:	$1,000,000
PROPERTY INSURANCE	
Business Personal Property	Value of personal property
Tenant Improvements and Betterments	Value of tenant improvement
Business Income Coverage	50% of Annual Gross Revenue (2 or more Locations - Coverage written on a blanket basis)
WORKERS' COMPENSATION	
Workers' Compensation:	STATUATORY (w/ All States Broad Form)
EMPLOYMENT PRACTICES LIABILITY	
1 to 2 Locations:	$500,000 each occurrence (minimum)
	$500,000 aggregate (minimum)
3 to 7 Locations:	$1,000,000 each occurrence (minimum)
	$1,000,000 aggregate (minimum)
8 to 15 Locations:	$2,000,000 each occurrence (minimum)
	$2,000,000 aggregate (minimum)
15 Locations or more:	$3,000,000 each occurrence (minimum)
	$3,000,000 aggregate (minimum)
PROFESSIONAL LIABILITY	
	$1,000,000 each occurrence (minimum)
	$2,000,000 aggregate (minimum
ABUSE AND MOLESTATION	
	$1,000,000 each occurrence (minimum)
	$2,000,000 aggregate (minimum)

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 4.1of Franchise Agreement, Site Selection Addendum and Section 6 of Development Rights Rider	Items 6, 7, 8 and 11
b. Pre-opening purchases/leases	Section 4	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 4.1, 4.2, 4.3, 4.4 and 4.9	Items 5, 7, 8 and 11
d. Initial and ongoing training	Sections 2.7, 2.8, 2.10 and 2.11(j)	Items 6, 7, 8 and 11
e. Opening	Section 4.4 of Franchise Agreement and Section 3 of Development Rights Rider	Items 7, 8 and 11
f. Fees	Article 3, Article 18 and Sections 2.7(a), 2.11, 4.1, 4.7, 4.9(c), 4.20, 4.21, 6.2(a), 7.5, 8.3, 9.7, 10.2(f), 12.9, 12.10, 14.2 and 15.2 of Franchise Agreement and Section 5 of Development Rights Rider	Items 5, 6 and 7
g. Compliance with standards and policies/Operating Manual	Articles 4, 5, 6, 7 and Sections 8.1, 8.2, 8.4, 9.1, 9.2, 9.3, 9.5, 10.2 and 18.3	Items 8, 11 and 14
h. Trademarks and proprietary information	Articles 5, 6, 12 and 13	Items 13 and 14
i. Restrictions on products/ services offered	Sections 4.5, 4.7, 4.10, 4.11, 4.12, 4.20	Items 8 and 16
j. Warranty and customer service requirements	Sections 4.7, 4.17	Item 8

Obligation	Section in Agreement	Disclosure Document Item
k. Territorial development and sales quotas	Section 4.25 of Franchise Agreement and 2, 3, and Section 6 of Development Rights Rider	Item 12
l. Ongoing product/service purchases	Sections 4.7, 4.10, 4.11 and 4.12	Items 6 and 8
m. Maintenance, appearance and remodeling requirements	Sections 1.4, 4.1, 4.2, 4.3, 4.6, 4.7, 4.20 and 5.3	Items 6, 7 and 8
n. Insurance	Article 9	Items 6, 7 and 8
o. Advertising	Article 7	Items 6, 7, 8 and 11
p. Indemnification	Section 14.2	Items 6 and 8
q. Owner's participation/ management/staffing	Sections 4.9	Items 6 and 15
r. Records and reports	Article 8	Item 8
s. Inspections and audits	Article 8	Items 6, 8 and 11
t. Transfer	Article 10 of Franchise Agreement and Article 9 of Development Rights Rider	Items 6 and 17
u. Renewal	Section 15.2	Items 6 and 17
v. Post-termination obligations	Articles 12 and 13	Item 17
w. Non-competition covenants	Article 13	Item 17
x. Dispute resolution	Article 16 of Franchise Agreement and Article 10 of Development Rights Rider	Items 6 and 17

ITEM 10: FINANCING

We do not offer direct or indirect financing, and we do not guarantee your note, lease, or other financial obligations.

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

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

PRE-OPENING ASSISTANCE

After the Franchise Agreement is signed but before opening the GYM, we will provide you with the following assistance and services as long as you are not in default under your Franchise Agreement:

1. **Site Selection Assistance**. We must approve the proposed site for your Premises in writing before you begin any construction of improvements. We will supply to you our site selection criteria and may put you in contact with a commercial real estate broker. We will also provide an evaluation in response to your request for site selection assistance and approval. However, we will not provide an evaluation for any proposed site before receipt of the materials required in the Manuals. We will not unreasonably withhold approval of any site that meets our standards for demographic characteristics, traffic patterns, parking, the predominant character of the neighborhood, competition from other businesses providing similar services within the area, the proximity to other businesses, the nature of other businesses in proximity to the site and other commercial characteristics, the size, appearance and other physical characteristics of the site, and any other factors that we consider relevant in approving or disapproving a site. We will review site approval submissions on a first-in basis. If we do not approve the selected site, you will have 30 days to submit a new site within the agreed upon Search Area for our written approval. We do not represent that we have any special expertise in selecting sites. Our approval of a site is not a representation or warranty that the GYM will be profitable or that your sales will attain any predetermined levels. Approval is intended only to indicate that the proposed site meets our minimum criteria for identifying sites. Our approval or disapproval of a proposed site does not impose any liability on us. We currently do not anticipate a situation where we would own a site and lease it to you for the GYM. (Section 2.1 of the Franchise Agreement).

2. **Lease Approval**. Upon receipt of our written approval of the location of the GYM, you shall, subject to the prior approval of terms by us, execute a lease or a binding agreement to purchase the site within nine (9) months of executing the Franchise Agreement. In any event, we have the right to review, evaluate and approve your proposed lease for the Approved Location ("Lease") prior to execution. Within thirty (30) days of receipt of the Lease, we will provide you with a written explanation of why (if such be the case) the lease proposed by you does not comply with our requirement for approval. Our approval of the Lease shall be conditioned upon inclusion of the lease terms acceptable to us, and at our option, the lease shall contain the provision contained in the Lease Addendum attached to the Franchise Agreement as Exhibit 2. You must deliver a fully executed copy of the lease document to us within 10 business days after your receipt. (Section 4.1 of the Franchise Agreement). If within 9 months after we sign the Franchise Agreement, you fail to execute an approved lease, we may terminate your Franchise Agreement and the Initial Fee is nonrefundable. (Section 4.1 of the Franchise Agreement)

3. **Development Area**. We may designate a specific number of UFC GYM Businesses you may develop and open at approved locations within a specified area (the "Area") (if we grant you development rights). We also will supply to you our site selection criteria and may put you in contact with a commercial real estate broker in your Area. (Development Rights Rider – Sections 2, 3, and 6) (See Item 12)

4. **Plans and Specifications**. We will provide you access to our standard recommended floor plan. You must construct the GYM according to our recommendations unless otherwise approved by us in writing. (Subsection 2.2(i) of the Franchise Agreement.)

5. **Design Specifications**. We will provide you access to our specifications for design, decoration, layout, equipment, furniture, fixtures and signs for the GYM. You must construct the GYM according to our specifications unless otherwise approved by us in writing. (Section 2.2 of the Franchise Agreement.)

6. **Uniform Requirements**. We will provide you access to specifications for uniforms for your employees that you must purchase from us or our approved suppliers. (Section 2.2 of the Franchise Agreement.)

7. **Business Planning Assistance**. After the Franchise Agreement is signed by the parties, we will review and comment on any business plan and pro forma financial projections you prepare. We do not represent that we have any special expertise in reviewing or developing business plans. Our review and commentary of a business plan or financial proforma is not a representation or warranty that the GYM will be profitable or that your sales will attain any predetermined levels, and it does not impose any liability on us. (Section 2.3 of the Franchise Agreement.)

8. **Accounting, Cost Control and Inventory Control Systems**. Our designated supplier will provide you with standardized accounting, cost control and inventory control systems. (Section 2.4 of the Franchise Agreement.)

9. **Operations Manual**. We will provide you access to one registered copy of each volume of the Manuals and an electronic copy will be made available to you via the UFC GYM Intranet system or other system we designate. (Section 2.8 of the Franchise Agreement.) To protect our reputation and good will and to maintain uniform standards of operation under the Trademarks, you must conduct the GYM in accordance with the Manuals. (Section 6.1 of the Franchise Agreement.) You must at all times treat and maintain the Confidential Information as confidential and our trade secrets. The Manuals must, at all times, be kept in a secure area within the Premises. You must strictly limit access to the Confidential Information to your employees, to the extent they have a "need to know" in order to perform their jobs. You must report the theft, loss or destruction of the Manuals, or any portion of the Manuals, immediately to us. Upon the theft, loss or destruction of any Manuals, we will provide you access to a replacement copy at a fee of $250 for each Manual. A partial loss or failure to update any Manual is considered a complete loss. You must not, at any time, without our written consent, copy, record or otherwise reproduce any of the Confidential Information. All persons whom you permit to have access to the

Manuals or any other Confidential Information, must first sign a confidentiality agreement. (Section 6.2 of the Franchise Agreement.) The Table of Contents from our Operations Manual is attached to this Disclosure Document as Exhibit N.

10. **Lists, Forms and Schedules**. We will provide you access to a list of required equipment, supplies, materials, inventory and other items necessary to operate the GYM, a list of approved suppliers of all items, and an initial set of forms, including the standard brochure and various operation forms; for example, standardized periodic reporting forms for reporting accounting information, cost analysis and purchase order forms. We will also make available to you a schedule of items that must be purchased from us and a schedule of recommended items to be purchased from third-party suppliers. These forms and schedules are set forth in the Manuals. We do not warrant the completeness, legality or enforceability of any agreements or forms. You should retain your own legal counsel to review and conform such agreements and documents to all applicable federal and state laws. (Section 2.5 of the Franchise Agreement.)

11. **Time Between Execution of Franchise Agreement and Opening of the GYM**. The typical length of time between the signing of the Franchise Agreement and the opening of the GYM can vary from 9 to 12 months. The factors that affect this time frame usually include: the time needed to acquire a site for the GYM (depends in part on selecting a satisfactory site, arranging financing, local ordinance compliance issues, hiring employees, and other operational issues, etc.) and the time when you receive and satisfactorily complete Initial Training. You will be responsible for conforming the premises to local ordinances and building codes, obtaining all required permits and license and constructing and redecorating the premises for your GYM. (Section 4.2 of the Franchise Agreement) You must begin operations of the GYM not more than 12 months after we sign the Franchise Agreement or, if earlier, before the date specified in any Development Rights Rider that we and you signed. (Section 4.4 of the Franchise Agreement.) If the GYM does not begin operations within those twelve (12) months, we may, at our sole discretion, elect to terminate your Franchise Agreement (Section 4.4 of the Franchise Agreement).

12. **Employee Information and Assistance**. We will give to you a standardized interviewing/selection system. You must perform the hiring, disciplining, supervising, promoting and firing of your employees and the establishment of their salaries as further provided in Section 4.8. (Section 2.6 of the Franchise Agreement.)

13. **Pre-Opening Inspection**. We may, at our option, physically inspect the GYM when the equipment is installed. We will thereafter provide you with advice, as we deem appropriate, to ensure that you conform to applicable System standards before the Opening Date. (Section 2.9 of the Franchise Agreement.)

14. **Pre-Sale/Soft Opening On-Site Training; Opening Supervisor**. We may, at our option and your cost, make available to you at your Pre-Sale opening or Opening Date (at our option), on-site training for one Business Day by our Opening Supervisor, who, in most instances, will be a franchise consultant or other employee or Designee. The on-site training will be conducted at the GYM during either your Pre-Sale or Soft Opening and will include a review of all personnel, required equipment, supplies, systems and operations. The Opening Supervisor may also observe boxing, MMA and fitness training classes and oversee the operation. You will pay the travel expenses in addition to training fees of the Opening Supervisor. (Section 2.10 of the Franchise Agreement.) Except as otherwise stated above, our pre-opening assistance obligations will be satisfied at Initial Training, or within 30 days after Initial Training.

TRAINING PROGRAM

Currently, we provide you with 3 Business Days of Initial Training at our training facilities in Newport Beach, California (or at another location we determine in our sole discretion). The Trainees must include the Owner and the Designated Manager, and up to three additional Trainees. If you or your Owner will not be active in the day-to-day activities of the GYM, you may designate another person as your Designated Manager with our

prior approval who will be active in the day-to-day activities of the GYM to be another Trainee. We must approve all Trainees. Initial Training includes instruction in owner-operator responsibilities, instructor training, equipment and buildout, membership sales, prospect management, administration, operations, merchandising and marketing, and franchisor relations. Training programs may differ in content and length for the Owner, Designated Managers or employees depending upon their responsibilities at the GYM. We will provide, at our expense, (as Initial Training is included in the Initial Fee), instructors, facilities, equipment, training materials, manuals and technical training tools for Initial Training. You are responsible for all expenses of the Trainees in attending Initial Training including all travel, lodging and meal expenses. You are responsible for all expenses incurred to have any additional employees or agents beyond the 5 initial Trainees attend Initial Training, including reasonable training fees (currently up to $800 per day per person.) (Section 2.7 of the Franchise Agreement.) Initial Training is conducted on an as-needed basis but is generally offered 4 times per year (every 3 months). Your attendees must complete the next-scheduled Initial Training session to our satisfaction before you may open the GYM. We will use the Operations Manual and various instructional materials as we conduct the Initial Training. If any Trainee fails to satisfactorily complete Initial Training, as reasonably determined by us, we may: (i) at your expense and direction, retrain the Trainee or train another Trainee; or (ii) elect to terminate your Franchise Agreement. (Section 2.7 of the Franchise Agreement.)

We may provide refresher training programs, seminars, or advanced management training for you and your employees at our principal training facility in Newport Beach, California, which must be attended by either your Owner or your General Manager approved by us. Refresher or additional training is not required more often than once a year. However, if you receive an unsatisfactory inspection report from us and fail to promptly remedy the deficiencies, your Owner or Manager and designated employees must attend refresher training as soon as reasonably possible. You must pay for all expenses associated with these programs including the then-prevailing standard training fee we charge for these programs and all travel, meals and lodging costs of your attendees. (Section 2.11 of the Franchise Agreement.)

If we have permitted the General Manager to be an individual other than you or Managing Owner, and the General Manager fails to satisfy his or her obligations under Section 4.9(b) of the Franchise Agreement due to death, disability, termination of employment or for any other reason, you must satisfy these obligations until you designate a new General Manager of the GYM acceptable to us who has successfully completed Initial Training. You must pay for the expenses associated with Initial Training, including the then-prevailing standard training fee we charge for Initial Training (currently up to $800 per day per person). (Section 4.9(c) of the Franchise Agreement.)

All coaches employed by you must successfully complete UFC GYM private coach training either at your facility or our principal training facility in Newport Beach, California within a reasonable time after hiring. You must pay for the expenses associated with Initial Training, including the then-prevailing standard training fee we charge for Initial Training (currently up to $800 per day per person) and CPR certification fees (currently $50 per coach). (Section 4.8(b) of the Franchise Agreement.) We reserve the right to develop certification programs for fitness instruction and counseling. We may charge you for providing certification-related courses and services.

The Initial Training program will be conducted by members of the training staff who have significant work experience in the boxing and fitness industry, physical education coaching, and professional boxing, kick-boxing and mixed martial arts experience ranging from 3 to 20 years in businesses of the type we are offering you. Our Operations Team is responsible for coordinating our training program for new franchisees and training program for new general managers. These trainers are Donnie Oliver, Andrew Hennebelle, Tanya Savage, Joseph Beckles, Curtis Braden, Nathan Samu, Caroline Taeleifi, Vince Angeli, Ryan Utsman, Lawryn Adarna, Bill Oughton, Veronica Stranc, Conor Costello, Adam Sedlack and Jeff Brandt (or any other qualified trainers we engage).

In addition to the Initial Training program and other subsequent trainings available to you, at your cost, we also offer Leadership Training ($199/person) and BJJ Instructor Training. BJJ Instructor Training is $599 for

the first attendee and $49 for each additional attendee. The cost includes a BJJ kit that includes a manual, attendance cards and student guides. These trainings are periodically made available at our corporately owned gym facilities. If you wish to have such training held at your GYM, it is $800/day, plus travel and expenses.

UFC GYM® TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
MANAGEMENT INSTITUTE			
History, Philosophy and Culture	2		UFC GYM Corporate Office or local facility
Construction	1		UFC GYM Corporate Office or local facility
Expectations and Responsibility	3		UFC GYM Corporate Office or local facility
Sales and Operations	3	2	UFC GYM Corporate Office or local facility
Staffing/Compliance	3		UFC GYM Corporate Office or local facility
Practical Fitness Training	1.5	1	UFC GYM Corporate Office or local facility
Marketing and Advertising	2.5		UFC GYM Corporate Office or local facility
Products	2	2	UFC GYM Corporate Office or local facility
Pre-Sale Training		16	Your UFC GYM location
Go-Live Training		16	Your UFC GYM location
Coaches' Training	10	6	Your UFC GYM location
INSTRUCTOR TRAINING PROGRAM – COACH CERTIFICATION			
Hand Wrapping Review		.25	UFC GYM Corporate Office or local facility
Kickboxing Class Breakdown with MYZONE		.75	UFC GYM Corporate Office or local facility
MYZONE Class Training on Teaching with Templates		1.5	UFC GYM Corporate Office or local facility
Take Kickboxing Class		1.25	UFC GYM Corporate Office or local facility
Learn How to Teach DUT / HIIT Class		2	UFC GYM Corporate Office or local facility
Pad Work and Learn Kickboxing Number System of Strikes		.75	UFC GYM Corporate Office or local facility
Practice Teaching Classes and Proper Queueing		1	UFC GYM Corporate Office or local facility
Evaluation of Class / IDEAL CLOSE		.5	UFC GYM Corporate Office or local facility
Pad Work (Boxing and Kickboxing Using Number System of Strikes)		.5	UFC GYM Corporate Office or local facility
Private Lesson Overview, Initial Client Assessment, Client Goal Assessment, Example of Personal Training Session		1.25	UFC GYM Corporate Office or local facility
Prospecting and Retaining Clients		1	UFC GYM Corporate Office or local facility

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Teach Private Sessions on Each Other or Other Members		1	UFC GYM Corporate Office or local facility
Kids Class/Adult Class Differences, Certifications and Pictures		.5	UFC GYM Corporate Office or local facility
Overview of Instructors Training Course and Time to Answer Questions of Techniques, Ideas, Drills and Running Class		.5	UFC GYM Corporate Office or local facility
Sales Training for Coaches and Vendor Training		8	UFC GYM Corporate Office or local facility
Final Test Out		2.5	UFC GYM Corporate Office or local facility

POST-OPENING ASSISTANCE

The obligations we or our Designee may perform during the operation of the GYM, as long as you are not in default under your Franchise Agreement, are as follows:

1. **Accounting Services**. Our designated supplier will provide you with the following accounting services: membership sales, product sales, EFT and general, administrative accounting services. You will pay a fee to this approved supplier for these services and we reserve the right to change the approved supplier for these services. (Section 2.11(a) of the Franchise Agreement.)

2. **Field Visits**. When and where we deem necessary, we will provide assistance to you in the development and operation of the GYM by means of periodic visits by one of our field representatives. (Section 2.11(b) of the Franchise Agreement.)

3. **Telephone Assistance**. We will provide informational assistance by telephone, including consultation, on matters involving operations, sales techniques, advertising, promotion and business methods. (Section 2.11(c) of the Franchise Agreement.)

4. **Advertising and Public Relations Campaigns**. We will generally assist in promoting our UFC GYM franchisees' UFC GYM Businesses through advertising and public relations campaigns. (Section 2.11(d) of the Franchise Agreement.)

5. **Local Advertising**. We will provide you advice on Local Advertising. (Section 2.11(e) of the Franchise Agreement.)

6. **Promotional Methods and Materials**. We will provide you with promotional methods and materials we may develop. (Section 2.11(f) of the Franchise Agreement.)

7. **Research and Development**. We will continue to research and develop new equipment, products and services, introductions and techniques, as we deem appropriate in our sole discretion. We may conduct market research and testing to determine consumer trends and the salability of new products and services. If we choose you, and if you accept, you must participate in our market research programs, in test marketing new products and services in the GYM and by providing us with timely reports and other relevant information regarding that market research. If you participate in any test marketing, you must purchase a reasonable quantity of the products or services being tested and commit to effectively promote and make a good faith effort to sell them. (Section 2.11(k) of the Franchise Agreement.)

8. **Radio and Television Commercials**. We may provide a preapproved radio script and camera-

ready television commercials (not including airtime) for your use in your Designated Territory. (Section 2.11(g) of the Franchise Agreement.)

9. **Periodic Assistance**. We may provide advisory assistance in the operation and promotion of the GYM, as we deem advisable. Advisory assistance may include additional training and assistance, communication of new developments, improvements in equipment and supplies, and new techniques in advertising, service and management relevant to the operation of the GYM. (Section 2.11(h) of the Franchise Agreement.)

10. **Refresher or Additional Training**. We may provide refresher training programs, seminars, or advanced management training for you and your employees at our principal training facility in Newport Beach, California or at your location, as may be required at our option, which you or your Managing Owner or your designated General Manager approved by us must attend. Refresher or additional training is not required more often than once a year. However, if you receive an unsatisfactory inspection report from us and fail to promptly remedy the deficiencies, you or your Managing Owner (or your designated General Manager approved by us) and designated employees must attend refresher training as soon as reasonably possible. You must pay for all expenses associated with these programs including the then-prevailing standard training fee we charge for these programs and all travel, meals and lodging costs of your attendees. (Section 2.11(i) of the Franchise Agreement.) You must also subscribe to ClubConnect, our UFC online university if you are the owner of a UFC GYM (Core), UFC GYM (Signature), or a UFC FIT.

11. **Failure to Complete Initial Training Program**. If any Trainee fails to satisfactorily complete Initial Training, as reasonably determined by us, we may: (i) at your expense and direction, retrain the Trainee or train another Trainee; or (ii) elect to terminate your Franchise Agreement. (Section 2.7(b) of the Franchise Agreement.)

ADVERTISING PROGRAMS

All of your advertising and marketing in any medium including social media and mobile marketing must conform to our standards as provided in the Operations Manual. All advertising that you propose to use must be approved by us before your use of those materials. We may disapprove any advertising or marketing materials you use or propose to use without liability to you for any costs incurred by you to produce those materials. You must provide all advertising and/or publicity materials you wish to use to us at least 10 business days before the deadline for running the ad. (Section 7.1 of the Franchise Agreement). You may be required to use a marketing Supplier that we designate from time to time in the Operations Manual. You must conduct soft opening and grand opening marketing and promotions in your Designated Territory in accordance with our UFC GYM Grand Opening Marketing Plan and cannot deviate from the plan without our prior written approval. We encourage you to begin your local marketing plan during pre-sale operations. For a UFC GYM Jiu Jitsu, you are required to spend a minimum of $6,000 per month on grand opening marketing for a period of three months, and a minimum of $3,000 per month for the following two months, for a total minimum spend of $24,000. For a Class by UFC GYM, you are required to spend a minimum of $4,000 per month on grand opening marketing for a period of 4 months, for a total minimum spend of $16,000. For a UFC GYM (Core), you are required to spend a minimum of $7,000 per month on grand opening marketing for a period of 4 months, for a total minimum spend of $28,000. For UFC GYM (Signature) or UFC FIT, you are required to spend a minimum of $15,000 per month on grand opening marketing for a period of 4 months, for a total minimum spend of $60,000.

1. Local Advertising. Each month, during the Term, beginning at your Opening Date, you must spend at least (a) for a Class by UFC GYM or a UFC GYM Jiu Jitsu, $2,500.00 per month, (b) for a UFC GYM (Core), $3,500.00 per month, or (c) for a UFC GYM or UFC FIT, $7,500.00 per month, on Local Advertising in your Designated Territory. (Section 7.1 of the Franchise Agreement.) We recommend that you begin this level of spending when you begin your Pre-Sale activities. Your Yellow Pages or comparable telephone directory expenses and upgrade of interior graphic and in-gym promotional materials will be counted towards the recommended local

marketing expenditure. (Section 7.1 of the Franchise Agreement.)

2. Website Advertising. Any Website is deemed Local Advertising under the Franchise Agreement and is subject to, among other things, our prior written consent. Before establishing a Website, you must submit to us a sample of the Website format and information in the form and manner that we reasonably require. In addition to any other applicable requirements, you must comply with our standards and specifications for Websites as set forth in the Manuals. You must establish your Website as part of any Website that we establish and/or establish electronic links to any Website we establish. If you propose any material revision to your Website or any information contained in your Website, you must submit each revision to us for our prior written approval. We may review and monitor all online content on social media sites, blogs, electronic communication and other online sites which contain the Trademarks. You must remove any usage or content that we require, including, content that we deem, in our sole discretion, to be scandalous, immoral or detrimental to the Trademarks or the System. We may prohibit your use of the Trademarks on any or all Websites and social media sites. (Section 7.3 of the Franchise Agreement.)

3. Regional Cooperative Advertising. We have the right, in our discretion, to establish a regional advertising cooperative in any Designated Territory. You must immediately, upon our request, become a member of the Cooperative for the Designated Territory where some or all of your Designated Territory is located. The GYM will not be required to be a member of more than one Cooperative. Like other Franchisees, you must contribute to the Cooperative the amount the Cooperative determines and that amount will be credited against your obligation for Local Advertising; provided, however, you will not be required to contribute to any Cooperative in excess of 2% of your monthly Gross Revenues. Any company owned UFC Gym Business will not be required to contribute to the Cooperative. We will determine who is responsible for the administration of each Cooperative. Cooperatives are not required to, but are expected to, operate under written charters. Upon the establishment of your Cooperative, you will be provided a copy of any written document governing the Cooperative. The Cooperative will determine whether and when financial statements of the Cooperatives' activities will be prepared; however, we have the right to inspect the financial records of any Cooperative. We also have the right to change, dissolve or merge any Cooperatives. Each Cooperative will render quarterly reports to us of its advertising expenditures. We do not receive any portion of the contributions to the Cooperative. (Section 7.2 of the Franchise Agreement.)

4. Marketing Contribution to the Marketing Fund. You must pay a continuing Marketing Contribution of 2% of daily Gross Revenues in the case of UFC GYM (Core), UFC GYM (Signature) and UFC FIT models, and 2% of monthly Gross Revenues in the case of Class by UFC GYM and UFC GYM Jiu Jitsu models. (Section 3.1(c) of the Franchise Agreement.). Except as expressly provided in Article 7 of your Franchise Agreement, we assume no other direct or indirect liability or obligation to you for the maintenance, direction or administration of the Marketing Fund. We maintain the right to both initiate and terminate the collection and disbursement of the Marketing Contributions and the Marketing Fund. Upon any termination, we will disburse the remaining funds for the purposes authorized under your Franchise Agreement. (Section 7.7 of the Franchise Agreement.) The advertising funded by the Marketing Fund is generally placed by us in regional and national markets and generally involves social media, websites, television, radio, periodicals and newspapers. The Marketing Fund is not required to spend any of your contributions to the Marketing Fund in your Designated Territory. (Section 7.6(b) of the Franchise Agreement.)

5. Franchisee Advisory Council. As of the Issue Date of this Disclosure Document, there is a Franchisee Advisory Council, currently made up of five franchisees, including two UFC GYM (Signature) franchisees, one UFC GYM (Core) franchisee and two Class by UFC GYM franchisees. The members are nominated by us and then voted on by System franchisees. The council acts in an advisory capacity only, and we have the power to change or dissolve the council in our sole discretion.

MARKETING FUND

We have instituted a Marketing Contribution requirement and created a special fund called the UFC GYM Marketing Fund (the "Marketing Fund"), into which Marketing Contributions are deposited, and is for the benefit of all UFC GYM Businesses who contribute to the Marketing Fund, including those we or our Affiliates operate. Unless the executed Franchise Agreement states differently, the Franchisees and company owned UFC Gym Businesses are required to contribute the same continuing Marketing Contribution.

The Marketing Fund is maintained and operated by us to meet the costs of conducting regional and/or national advertising and promotional activities on a regional or national scale (including the cost of advertising campaigns, test marketing, marketing surveys, public relations activities and marketing materials) as we deem most beneficial to the System. The Marketing Fund may be used to pay the costs of preparing and producing associated materials and programs as we determine, including the use of social media; video, audio and written advertising materials employing advertising agencies; sponsorship of sporting, charitable or similar events, administering regional, national and multi-regional advertising programs including purchasing direct mail and other media advertising, and employing advertising agencies to assist with marketing efforts; and supporting public relations, market research and other advertising, promotional and marketing activities. We will not use Marketing Fund contributions for advertising that principally is a solicitation for the sale of franchises. We are authorized to charge the Marketing Fund fees at reasonable market rates for advertising, marketing or promotional services actually provided by us, in lieu of engaging third party agencies to provide these services. We may spend, in any calendar year, more or less than the total Marketing Contributions to the Marketing Fund in that year. We may cause the Marketing Fund to invest any surplus for future use by the Marketing Fund.

We will account for the Marketing Fund separately from our other funds and not use the Marketing Fund for our general operating expenses. However, Marketing Contributions may be used to pay the reasonable salaries and benefits of personnel who manage and administer the Marketing Fund and perform services on its behalf, the Marketing Fund's other administrative costs, travel expenses of personnel while they are on Marketing Fund business, meeting costs, overhead relating to Marketing Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Marketing Fund and its programs. In the fiscal year ended December 31, 2024, the Marketing Contributions were spent as follows: 5% on media placement; 28% on platform management, 59% on administrative expenses, and 8% on other. The Marketing Fund will not be audited, unless we elect to require an audit, in which event all expenses of the audit will be paid our of the Marketing Fund. Financial information about the Marketing Fund will be made available annually, and we will provide it to you or make it available to you upon reasonable written request.

COMPUTER SYSTEMS

Before the Opening Date you must procure and install at the GYM a club management and sales/marketing computer system ("Gym Management System") and our approved point of sale system (“POS”). The current cost of purchasing or leasing the Gym Management System and POS is approximately $3,500 to $25,000, depending on the size of your UFC GYM Business (See **Item 7**). The applicable Management System and POS allows you to record all UFC GYM customers and collect membership fees electronically from customer bank accounts. Also, it allows you to capture data for use in other applications, including payroll and cash management planning. The System enables you to communicate daily financial information to us. You must pay any license or maintenance fees that we or our approved Supplier of the software may charge for its use. You will pay the approved point of sale system based on the transactions processed per month and under the terms of the current license and billing services agreement, which shall include its monthly billing fee and credit card processing fees. You must implement and have fully operational the Gym Management System and POS as we designate at the earlier of the date your GYM opens for business or you start pre-sale memberships. Neither we, nor any of our Affiliates or third parties, is obligated to provide ongoing maintenance, repairs, upgrades or updates to your Computer System. At your sole expense, you must maintain and upgrade your Gym Management System, including software, to meet our requirements including, without limitation, if we change our Management System and such changes require updating and/or modification of the hardware and/or software systems in place. Annual costs vary widely amongst franchisees, but we estimate the typical annual costs for any optional or required

maintenance updating, upgrading, or support contracts to be between $5,000 and $12,000. However, the software provider will provide software maintenance and upgrades as part of your monthly fee. You will use your Gym Management System in a variety of ways. It will provide access control, track member usage, allow members reciprocity among clubs, and process membership and financial data. You can also use your Gym Management System for e-mail, Internet access and word processing. We will have independent access to the information in the software program at all times, including your financial reports. We will have the right to collect and retain from your Gym Management System all data concerning your GYM, and to use that data for the purposes permitted by the Franchise Agreement.

You must install and maintain, at your own expense, an E-mail link with us and all other UFC GYM franchisees. Reasonable minimum hardware and software standards for these connections will be set by us and may be periodically revised, and you will have reasonable time to upgrade when standards change. Standards will include current uniform communications software in use by the System; word processing and spreadsheet software that is either the same as that in use at our office or capable of reading and converting files created by our office; and a computer capable of running the software and containing reasonable minimums for memory and data storage and a modem connected via network links to our System. You must pay for all normal communications charges from the networks making connection to our System, for example, phone bills or bills from an on-line service. Information important to the GYM will be sent to your computer address electronically. In order to stay informed on developments affecting the System and the GYM, you must check your electronic mailbox for System communications on a regular basis.

As new computer systems are designed to accommodate a certain maximum amount of data and terminals, as limits are achieved, and/or as technology and/or software is developed in the future, you must add memory, ports and other accessories and/or peripheral equipment and/or additional, new or substitute software to the original computer system you purchased. At a certain point in time, it will become necessary for you to replace or upgrade the entire computer system with a larger system capable of assuming and discharging all of those computer-related tasks and functions as we specify. Computer designs and functions change periodically and we may be required to make substantial modifications to our computer specifications, or to require installation of entirely different systems, during the Term. To ensure full operational efficiency and communication capability between our computers and your computers, you must keep the computer system in good maintenance and repair and install all additions, changes, modifications, substitutions and/or replacements to your computer hardware, software, telephone and power lines and other computer-related facilities as we direct on those dates and within those times we specify, in our sole discretion, in the Manuals or otherwise on a System-wide basis subject to the Capital Expenditure Limitation in Section 4.20 of the Franchise Agreement. In addition, the requirement set forth in Section 4.20 of the Franchise Agreement provides that you must remodel and/or update your GYM to our then-current standards every two (2) years within the Capital Expenditure Limitation and must replace/update the equipment at your GYM every five (5) years. Upon termination or expiration of your Franchise Agreement, all software, disks, tapes and other magnetic storage media provided to you by us must be returned to us in good condition (reasonable wear and tear excepted). You must delete all software and applications from all memory and storage.

Compatible equivalent components hardware or software that perform the same functions exist; we may approve compatible equivalent hardware components and software at our option. (See **Item 6**.) We are not contractually required to provide you with ongoing maintenance, repairs, upgrades or updates. The approved supplier for the EFT, billing and collection systems and Web-based membership management software programs that you must purchase and maintain requires you to enter into a support agreement with the approved supplier. You must pay a monthly support fee to the approved supplier under the support agreement. (See **Item 7**)

We have a proprietary interest in all databases, member lists, templates, programs and any other software components that have been created and/or customized for us using the approved POS and Gym Management System. In the future, we may further customize the Proprietary Software and create programs that conduct, among other things, scheduling, accounting, inventory, point-of-sale functions and related activities. You must maintain

the computer hardware necessary to implement the Proprietary Software Program in your GYM, and comply with all specifications and standards prescribe by us in the Operations Manual. This Proprietary Software will be proprietary to us and Confidential Information of ours (Section 2.4 of the Franchise Agreement).

You are required to ensure that your computer network and POS are PCI-DSS compliant and that your configuration and policies adhere to the PCI-DSS fundamental security practices which can be found at www.visa.com/cisp or www.pcisecuritystandards.org. You shall take all required steps under the PCI security standards, including, but not limited to the following: (1) Franchisees shall maintain a firewall at all times; (2) enable firewall logging and maintain firewall logs for a minimum of one (1) year; (3) implement strong access controls; (4) adequately complete the relevant Self-Assessment Questionnaire; (5) at all times retain a PCI approved security provider to conduct quarterly scans of your network; and (6) comply with all current security guidelines as required by PCI-DSS.

You must participate in our System-wide intranet system or any future system-wide computer network system that we implement. You are required by us to use the intranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us on-line; (ii) view and print portions of the Operations Manual; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (iv) complete initial and ongoing training. You must use the facilities of the intranet system or any future system in strict compliance with the standards, protocols, and restrictions that we include in the Confidential Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. (Section 2.4 of the Franchise Agreement).

ITEM 12: TERRITORY

TERRITORY

You will operate the GYM at a specific location that we first must approve. You may operate the GYM only at the approved premises and may not relocate the premises without our approval and compliance with our relocation procedures. We will describe your Designated Territory in your Franchise Agreement, which is typically a radius around the GYM and shall generally be in the approximate sizes depending on the size of your UFC GYM Business: (a) Class by UFC GYM and UFC GYM Jiu Jitsu facilities are typically given a radius around the Gym encompassing a 50,000 person population density or a 2 mile radius around the GYM; (b) UFC GYM (Core) facilities are typically granted a Designated Territory with a radius around the GYM encompassing a 100,000 person population density or a 3 mile radius around the GYM; and (c) UFC GYM (Signature) and UFC FIT facilities are typically granted a Designated Territory with a radius around the GYM encompassing a 150,000 population density or a 4 mile radius around the GYM. We reserve for ourselves the right to sole determination as to the location, size and delineation of your Designated Territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. If you have not yet secured a site at the time you sign the Franchise Agreement, you will enter into our Site Selection Addendum attached as Exhibit E, which will govern the site selection process.

You must not solicit business or members for the GYM outside your Designated Territory through the use of an 800 number, catalog, direct mail, Internet Website or other advertising or solicitation method without our prior written consent. Except as described below under "Development Rights Rider," you have no options, rights of first refusal, or similar rights to acquire additional franchises within your Designated Territory or in contiguous territories. We do not owe you any compensation for soliciting or accepting orders within your Designated Territory.

OUR RESERVED RIGHTS

Except as limited below, and provided that you are in full compliance with the Franchise Agreement, we and our Affiliates will not operate or grant a franchise for the operation of another UFC GYM Business at a location within your Designated Territory during the term of the Franchise Agreement. Except as expressly limited by the previous sentence, we and our Affiliates retain all rights with respect to UFC GYM Businesses, the Trademarks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire. Specifically, but without limiting the previous sentence, we reserve the following rights:

1. the right to establish and operate, and to grant to others the right to establish and operate similar businesses or any other businesses offering similar or dissimilar products and services through similar or dissimilar channels of distribution, inside or outside your Designated Territory under trademarks or service marks other than the Trademarks and on any terms and conditions we deem appropriate;

2. the right to provide, offer and sell and to grant others the right to provide, offer and sell goods and services that are identical or similar to and/or competitive with those provided at UFC GYM Businesses, whether identified by the Trademarks or other trademarks or service marks, through dissimilar distribution channels (including the internet or similar electronic media) both inside and outside your Designated Territory and on any terms and conditions we deem appropriate;

3. the right to establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside your Designated Territory under the Trademarks and on any terms and conditions we deem appropriate;

4. the right to establish and operate, and to grant others the right to establish and operate, businesses offering similar products and services, both inside and outside your Designated Territory under the Trademarks and on any terms and conditions we deem appropriate, provided that the premises for such business is at least 20,000 square feet;

5. the right to operate, and to grant others the right to operate UFC GYM Businesses anywhere outside your Designated Territory under any terms and conditions we deem appropriate and regardless of proximity to your Designated Territory;

6. the right to operate and grant others the right to operate UFC GYM Businesses at "Non-Traditional Sites" within and outside your Designated Territory on any terms and conditions we deem appropriate. "Non-Traditional Sites" are sites that generate customer traffic flow which is independent from the general customer traffic flow of the surrounding area, including but not limited to military bases, major industrial or office complexes, hotels, hospitals, and school campuses;

7. the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at UFC GYM Businesses, 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 in your Designated Territory); and

8. the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at UFC GYM Businesses, or by another business, even if such business operates, franchises and/or licenses competitive businesses in your Designated Territory.

9. If we exercise our rights under (A) subpart (4) above in this **Item 12** to establish and operate (or

grant others the right to establish and operate) a business offering similar products and services inside your Designated Territory under the Trademarks or (B) subpart (7) above in this **Item 12** to acquire one or more businesses providing products or services similar to those provided at UFC GYM Businesses and after the acquisition we operate these businesses (directly or through franchisees or licensees of these businesses) in your Designated Territory under the Trademark, then you will have 60 days from the date on which we notify you of our election to notify us of your desire for us to purchase the GYM (including, the member/customer accounts, leasehold improvements, equipment, vehicles, furnishings, fixtures, signs, inventory (non-perishable products, materials and supplies) and the lease or sublease for the Premises) for a purchase price equal to the lesser of (i) the fair market value of the GYM plus 15% or (ii) your documented cost of purchasing the GYM's assets plus 15%. The fair market value of the GYM will be determined as of the effective date of purchase in a manner consistent with reasonable depreciation of your leasehold improvements and the equipment, vehicles, furnishings, fixtures, signs and inventory of the GYM and taking into account all debt and other liabilities of the GYM. The purchase price will not contain any factor or increment for any goodwill, going concern value, trademark, service mark or other commercial symbol or other intangible assets used in the operation of the GYM. (Section 5.11 of the Franchise Agreement).

RELOCATION

Any relocation of the GYM:

1. Must be to a location within the Designated Territory;

2. Requires our advance written authorization; and

3. Will be at your sole expense and require that you (and each Affiliate and owner of yours) sign a general release.

If the GYM is damaged, condemned or otherwise rendered unusable, or if, in your and our judgment, there is a change in the character of the location of the GYM sufficiently detrimental to its business potential to warrant its relocation, you agree to relocate the GYM. (Section 1.4 of the Franchise Agreement).

MINIMUM PERFORMANCE STANDARD

The grant of your Designated Territory is expressly conditioned upon your successful penetration of the market in the Designated Territory. You must promote actively and aggressively the products and services of the GYM within the Designated Territory. You must maintain minimum Gross Revenues every calendar year during the Term of at least 80% of the "designated average" of Gross Revenues of all UFC GYM Businesses, including the GYM, except during the first calendar year (partial or full) of the Term, when no performance standard is in effect. The "designated average" is the average Gross Revenues of all UFC GYM Businesses that have been in operation for at least 1 full calendar year. Your failure to maintain the minimum performance standard is a material breach of your Franchise Agreement. This minimum performance standard is not a financial performance representation (see **Item 19**) and does not infer that you will experience gross revenues of any particular level. If you fail to attain and/or maintain the required minimum sales volume, we can revoke the exclusivity of your Designated Territory and/or terminate your Franchise Agreement.

SIMILAR BUSINESSES

You may compete with the fitness gyms operated by our Affiliates and franchisees of our Affiliates that are located near the GYM, whether inside or outside your Designated Territory. **Item 1** discusses our current affiliated franchise programs, all of which are in the fitness industry. Because we and our Affiliates are part of a family of private equity-funded companies that are in the business of owning, operating and investing in fitness gyms and health club businesses on an ongoing basis, our affiliates plan to operate or franchise fitness gyms and

health club businesses under different trademarks in the future that may sell goods or services similar to those you will offer at the GYM. The current affiliated franchise programs operate from separate principal business addresses and have separate training facilities. There is no formal mechanism in place for resolving any conflict that may arise between the GYM and the units of our affiliated franchise systems. However, given the diverse nature of their services/products and the fact that they are independently- operated systems, we do not expect any material conflicts regarding territory, customers, or franchisor support.

DEVELOPMENT RIGHTS RIDER

You may (if you qualify) develop and operate a number of UFC GYM Businesses within the Area. We and you will identify the Area in the Development Rights Rider before signing it. The Area typically is a city, cities, or counties. We base the Area's size primarily on the number of UFC GYM Businesses you agree to develop, demographics, and site availability. We and you will negotiate the number of UFC GYM Businesses you must develop to keep your development rights and the dates by which you must develop them. We and you then will complete the schedule in the Development Rights Rider before signing it. While the Development Rights Rider is in effect, we (and our Affiliates) will not establish or operate, or grant to others the right to establish or operate, other UFC GYM Businesses the physical premises of which are located within the Area. There are no other restrictions on us (or our Affiliates). You may not develop or operate UFC GYM Businesses outside the Area. We may terminate the Development Rights Rider if you do not satisfy your development obligations when required. In addition, if you fail to comply with the terms of the Development Rights Rider during its term, we may, at our option, elect to terminate only the exclusivity of the Area instead of terminating the Development Rights Rider entirely. This means that during the remainder of the term of the Development Rights Rider, we and our Affiliates will have the right to establish and operate, and grant to others the right to establish and operate, UFC GYM Businesses the physical premises of which are located within the Area and continue to engage, and grant to others the right to engage, in any activities that we (and they) desire within the Area without any restrictions. However, our termination of the exclusivity will be without prejudice to our right to later terminate the Development Rights Rider for the same default or any other defaults under the Development Rights Rider.

Despite the development schedule under the Development Rights Rider, we may delay your development of additional UFC GYM Businesses within the Area for the time period we deem best if we believe, when you apply for the next UFC GYM Business, that you are not yet operationally, managerially, or otherwise prepared (due to the particular amount of time that has elapsed since you developed and opened your most recent UFC GYM Business) to develop, open and/or operate the additional UFC GYM Business according to our standards and specifications. We may delay additional development as long as the delay will not in our reasonable opinion cause you to breach your development obligations under the development schedule (unless we are willing to extend the schedule to account for the delay).

Except as described above, we may not alter your Area during the Development Rights Rider's term.

ITEM 13: TRADEMARKS

The Franchise Agreement grants you the non-exclusive right to operate the GYM under the name UFC GYM®, and to use the Trademarks and any other proprietary marks currently used or that we may authorize you to use in the future in the operation of the GYM. The principal Trademarks are:

Mark	Registration Date	Registration Number
UFC GYM	07/19/11	3,999,175
UFC GYM & Design	05/31/2016	4,968,855
CLASS UFC GYM	05/12/20	6,055,203

Mark	Registration Date	Registration Number
CLASS UFC GYM & Design	05/05/20	6,049,807
UFC FIT	09/02/14	4,595,635
UFC FIT & Design	09/02/14	4,595,633

We may develop additional commercial symbols and trademarks for use in connection with the GYM. The Trademarks are owned by Zuffa, LLC ("Zuffa"), a Nevada limited liability company with a business address at 6650 South Torrey Pines Drive, Las Vegas, NV 89118. Zuffa has registered the Trademarks listed above on the Principal Register of the United States Patent and Trademark Office ("USPTO"). No renewal filings are due yet for any of the above Trademarks, and Zuffa has filed all required affidavits.

The Franchise Agreement grants, pursuant to an amended and restated license from Zuffa effective August 11, 2017 (the "License Agreement"), the right to use "UFC GYM" and certain associated trade names, trademarks, service marks, logotypes and other commercial symbols as may be associated with UFC GYM Businesses now or in the future. The License Agreement does not contain any significant limitations on our right to use or license the "UFC GYM" Trademarks to you, and has a term of 10 years with 4 additional 5-year extensions, for a total term of 30 years. Zuffa may terminate the License Agreement if we are in breach of any provision of the License Agreement and we do not cure the breach within the required cure periods; if any person who owns an interest in us commits any act or makes any statement that materially disparages Zuffa; when our operating agreement with Zuffa expires or terminates; if any person who owns an interest in us is convicted of a felony or receives a notice from any governmental authority that he or she is under investigation for any reason by a governmental authority; or if we terminate or suspend a substantial portion of our business activities, become insolvent, or become subject to any bankruptcy or insolvency proceeding. Zuffa may terminate and void the License Agreement, and we may terminate and void your Franchise Agreement, if any of the Commissions, or any committees or sub-committees, advises or requires Zuffa, its Affiliates, or their equity owners to discontinue or restrict their business relationship and/or involvement with them as a result of a Regulatory Problem. In the event there becomes a Regulatory Problem as a result of your Franchise Agreement or the underlying relationships between you and us (or any of your owners or Affiliates), we will promptly notify you in writing of the reason for termination or modification of your Franchise Agreement and you must fully cooperate with us for purposes of attempting to cure the reason(s) for the termination or modification to the extent possible.

You and we must comply with Zuffa's Trademark Usage Guidelines in the operation of the GYM. When the License Agreement expires or terminates our and your rights to use the Trademarks terminate and we and you must immediately cease using the Trademarks. Except as described above, no agreements limit our rights to use or license the use of the Trademarks.

Except as provided below, there are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the principal Trademarks. We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Trademarks in any state.

You must use the Intellectual Property only for the operation of the GYM at the Premises. You must not employ any of the Intellectual Property in signing any contract, check, purchase agreement, negotiable instrument or legal obligation, application for any license or permit, or in a manner that may result in liability to us for any indebtedness or obligation of yours. You must follow our rules when you use the Trademarks, including giving proper notices of trademark and service mark registration and obtaining fictitious or assumed name registrations required by law and will sign all documents we or our legal counsel deem reasonably necessary to obtain protection for the Trademarks and our interest in the Trademarks. You must not use the Intellectual Property as security for

any obligation or indebtedness. Without our prior written approval, you must not use the Trademarks as part of any e-mail address, Website, domain name or any other electronic media (including use with any prefix, suffix or other modifying words, term designs, or symbols), or in any other manner connected with a Website, advertisements on a Website, or other similar electronic media. We may prohibit your use of the Trademarks on any or all Websites and social media sites. You must not use any Trademark as a key word, metatag, phantom mark, URL, root address, or any other similar use without our prior written approval, which approval may be conditioned on things, including, assignment to us of any intellectual property or other rights resulting from such use.

You must not use the Trademarks in advertising the transfer, sale, or other disposition of the GYM or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You must not, unless explicitly approved in writing by us in our sole discretion, adopt or use all or any part of any Trademarks or any trademark, word or words likely to be confused therewith in your corporate name or in any trade name. You must not use the Trademarks with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you). You must include on all Materials appropriate notices of trademark and copyright rights regarding each use of Trademarks, as may be reasonably requested by us or otherwise required by Applicable Law.

You must not, during and after the Term of the Franchise Agreement: (i) seek to register, register, or cause or permit any other person to seek to register or register, any of the Intellectual Property or any depictions or variations of the Intellectual Property in any jurisdiction anywhere in the world, including, any trademark, trade name, trade dress, or other designation likely to be confused with, or to dilute the distinctiveness of, any of the Trademarks; (ii) challenge, or cause or permit any other person to challenge, the right, title, or interest of us, Zuffa or our Affiliates in or to the Trademarks or any other of our or our Affiliates' Intellectual Property; (iii) use any Intellectual Property other than as permitted under the Franchise Agreement nor use any of Zuffa's other intellectual property other than the Trademarks; or (iv) represent that you have any right, title or interest in or to any Trademark other than as expressly granted in the Franchise Agreement.

You must not use, or cause or permit any other person to use, any of the Trademarks in a manner which is likely to damage or impair the goodwill associated with any of the Trademarks. You must not (nor do you have the right to) grant to any other person the right to use, reproduce, reference or exploit any Trademarks in any manner, without our prior written consent, which may be withheld in our sole and absolute discretion.

Any request by or on behalf of you to register a domain name incorporating any Trademarks or any variation of the Trademarks during the Term of the Franchise Agreement is subject to prior written approval by us, and will be owned exclusively by us, both as universal resource locators (URLs) and trademarks. Your use of any domain name must at all times be consistent with the rights granted to you in respect of the Trademarks and be subject to, and in compliance with, all other terms and conditions set forth in the Franchise Agreement. Any domain name will automatically be deemed a "UFC GYM Domain Name" for the purposes of the Franchise Agreement. All costs associated with registration and maintenance of the UFC GYM Domain Name will be your sole responsibility. If any termination or expiration of the Franchise Agreement occurs, you must cease using the UFC GYM Domain Name and, promptly after the termination or expiration of the Franchise Agreement, (a) must cause yourself and/or your related persons to be removed as an administrative and/or technical contact on the records of the applicable domain name registrar, and (b) abandon all rights in and relinquish any and all UFC GYM Domain Names.

You must promptly notify us, within 7 days in writing, of (i) any alleged, actual or threatened infringing, diluting, unauthorized and/or illegal uses of any of the Intellectual Property, and (ii) any claims asserted against you with respect to the use of the Intellectual Property of which you become aware. You must not communicate with anyone except us (and Zuffa, with respect to the Trademarks) and our counsel in any infringement, challenge or claim except under judicial process. We will have the exclusive right (but not the obligation), at our expense, to defend or settle any legal action deemed material, in our reasonable discretion (and with approval of Zuffa, with respect to the Trademarks), to our and interests in the infringed Intellectual Property (or Zuffa's interests in

the infringed Trademarks), or your ability to use the Intellectual Property under the Franchise Agreement, in any manner and on any terms, we shall deem appropriate. You must cooperate with, and must use commercially reasonable efforts to assist, Zuffa and/or us in connection with any proceeding to defend, protect or enforce the Trademarks and/or Intellectual Property, including executing pleadings or other documents, providing documents or information or testifying.

If it becomes advisable at any time for us and/or you to modify or discontinue using any Trademark and/or to use 1 or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time (not to exceed 30 days) after receiving notice. We will only be liable to reimburse you for your reasonable direct printing and signage expenses in modifying or discontinuing the use of the Trademarks and substituting different Trademarks. We need not reimburse you for any loss of revenue due to any modified or discontinued Trademark, any loss of goodwill associated with any modified or discontinued Trademark, or for your expenses of promoting a modified or substitute trademark or service mark.

We indemnify you against and will reimburse you for all damages for which you are held liable in any proceeding involving your use of any of our Intellectual Property in accordance with the Franchise Agreement, provided that you: (a) have timely notified us of the claim; (b) have otherwise complied with the Franchise Agreement; (c) allow us sole control of the defense and settlement of any claim; and (d) cooperate fully with us and our counsel in the defense of the action.

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

PATENTS

We do not own any rights in any patents material to the Franchise. There are no pending patent applications for proper disclosure purposes.

COPYRIGHTS

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. Although not all materials are registered, we claim U.S. common law and international copyrights and trade secret protection in our Manuals, training materials, advertising and promotional literature and other materials. There are no agreements in effect which significantly limit our right to use or license the copyrighted materials. However, we do not license our copyrights in these materials to you under the Franchise Agreement. We provide you access to the Manuals as discussed in Item 11. There are no infringing uses actually known to us that could materially affect your use of the copyrighted materials in any state.

If we deem it advisable to modify or discontinue use of any copyrighted work and/or use one or more new or derivative copyrighted work, you must do so and our sole obligation in this event is to reimburse you for your tangible costs (for example, changing equipment) of complying with this obligation. Upon any infringement of or challenge to your use of any copyrighted work, you must immediately notify us. We have sole discretion to take any action as we deem appropriate. We are required by the Franchise Agreement to defend you against any infringement, unfair competition or other claim respecting your use of any of our copyrighted work. We are obligated to indemnify you against, and to reimburse you for, all damages for which you are held liable in any proceeding from the use of any of our patent or copyrighted work and of all costs you reasonably incur in the defense of any claim, provided that you have notified us of the claim as described in Item 13 and have used the copyrighted work in accordance with the Franchise Agreement.

CONFIDENTIAL INFORMATION

The Manuals and other copyrighted materials made available to you contain confidential and proprietary

information and are our Trade Secrets. We possesses and will develop and acquire certain confidential and proprietary information and trade secrets consisting of the following categories of information, methods, techniques, procedures and knowledge we or our franchisees develop (the "Confidential Information") including: (1) our methods, techniques, equipment and installation, specifications, standards, policies, procedures, information, concepts, systems, and knowledge of the experience in our development, operation and franchising; (2) our marketing and promotional programs for UFC GYM Businesses; (3) knowledge of specifications for and knowledge of suppliers of certain materials, equipment, furniture and fixtures for UFC GYM Businesses; (4) knowledge of our customer lists, operating results and financial performance, and (5) our design and layout of each UFC GYM Business, including the placement of equipment, color schemes and other designations ("Trade Dress").

We will disclose to you all parts of the Confidential Information as are required for the operation of the GYM during Initial Training, in the Manuals, and in guidance and assistance furnished to you during the Term, and you may learn additional Confidential Information during the Term. You must disclose the Confidential Information to your employees only to the extent reasonably necessary. During and after the Term, you, your owners, independent contractors, agents, and employees must: (i) not use the Confidential Information or Trade Dress in any other business or capacity, including any derivative or spin-off of the UFC GYM concept; (ii) maintain the absolute secrecy and confidentiality of the Confidential Information during and after the Term; not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form; and (iv) adopt and implement all procedures that we prescribe to prevent unauthorized use or disclosure of, or access to, the Confidential Information. (Section 6.2 of the Franchise Agreement)

All persons, whom you permit to have access to the Manuals or any other Confidential Information, must first sign our form of Confidentiality Agreement. Nothing contained in the Franchise Agreement will be construed to prohibit you from using the Confidential Information in the operation of the GYM under your Franchise Agreement.

If you, your owners, agents, and employees develop any new concept, process or improvement in the operation or promotion of the UFC GYM Business, you must promptly notify us and provide us with all necessary related information, without compensation. Any such concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. You and your owners will assign to us any rights you may have or acquire therein, including the right to modify the concept, process or improvement, and otherwise must waive and/or release all rights of restraint and moral rights therein and thereto. You and your owners agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing these rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any concept, process or improvement. In the event that these provisions are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement if this use or sublicense would otherwise directly or indirectly infringe your rights therein.

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

You are not our employee but are your own boss subject to certain rights and obligations under your Franchise Agreement. We encourage you to be active in the operation of the GYM but we do not require any personal participation on premises by you. We do not require any personal participation of any specific person affiliated with a corporate or partnership franchisee. However, the Franchise for the GYM is not a "passive" investment and you or the Designated General Manager approved by us must provide day-to-day supervision of the operation of the GYM.

Unless we otherwise agree in writing, you or the Designated General Manager must be 1 of the 5 Trainees attending Initial Training. Any of the Trainees attending Initial Training may act as the General Manager of the GYM with our written approval. Either the Managing Owner or the Designated General Manager approved by us must devote his or her best full-time efforts to the management and operation of the GYM. You may hire any General Manager acceptable to us rather than be the General Manager, but this will increase the cost of operation of the GYM and may impair results. Any replacement or additional General Managers that you hire must satisfactorily complete Initial Training before managing the GYM, unless we otherwise agree in writing. Your General Manager need not have any equity interest in the GYM. You must pay for the expenses of additional Training, including training fees, travel, lodging, meals and salary. All of your General Managers, supervisors or any other employees with access to our Confidential Information and/or Trade Secrets must sign Exhibit 3 to the Franchise Agreement, a Confidentiality and Non/Disclosure Agreement.

If the Franchise Agreement is signed by 2 or more individuals or by a business entity, you must designate, in writing, an individual as the Managing Owner or the Designated General Manager upon signing the Franchise Agreement. We have the right to rely solely upon instructions of the Managing Owner or Designated General Manager concerning the operation of the GYM until we receive a duly signed written notice changing the designated Managing Owner or Designated General Manager.

If you are a corporation, limited liability company or other business entity, each of your owners who at any time owns (directly or indirectly) 20% or more of your ownership interests, and each other individual or entity that we specify before signing the Franchise Agreement (each a "Guarantor"), must sign an agreement in the form we designate undertaking personally to be bound, jointly and severally, by all of the Franchise Agreement's and any ancillary agreement's provisions, the current version of which is attached to the Franchise Agreement. In addition, each of your owners who is not a Guarantor, must sign a Confidentiality and Non/Disclosure Agreement, the current version of which is attached as Exhibit 4 to the Franchise Agreement.

If we have permitted the General Manager to be an individual other than the you or Managing Owner, and the General Manager fails to satisfy his or her obligations provided in Subsection 4.9(b) of the Franchise Agreement due to death, disability, termination of employment, or for any other reason, the you or Managing Owner must satisfy these obligations until you designate a new General Manager of the GYM acceptable to us who has successfully completed Initial Training.

Neither you nor any designated Managing Owner may act in the capacity of General Manager or Class Instructor without our approval. You agree that you will only hire or retain General Managers and Class Instructors that meet the criteria, skill levels, and standards set by us and the System-wide recommendations in the Manuals.

ITEM 16: RESTRICTION ON WHAT THE FRANCHISEE MAY SELL

USE OF THE PREMISES

You must use your Premises only for the operation of the GYM. You must keep the GYM open for business and in normal operation for the minimum hours and days as we reasonably require in the Manuals or otherwise in writing except as may be limited by local law or the landlord's rules and regulations.

During the Term of the Franchise Agreement, you must not engage in any of the following without our prior approval: (a) hold or allow any events to be held at the GYM sponsored by or associated with any Competitive Business, (b) enter into any agreements or other arrangements with any Competitive Business or (c) brand, theme or otherwise use or display the intellectual property rights of any Competitive Business at the GYM or related facilities or Website.

APPROVED PRODUCTS AND SERVICES

You must sell or offer for sale only the products and services that meet our reasonable uniform standards of quality and quantity; have been expressly approved for sale in the Manuals or otherwise in writing by us to consumers only from the GYM; not sell any items for redistribution or resale; sell or offer for sale all approved products and services; refrain from any deviation from our standards and specifications for providing or selling the products and services without our written consent; and discontinue selling and offering for sale any products and services that we reasonably disapprove on a System-wide basis in writing at any time. We periodically may change required and/or authorized products and services. There are no limits on our right to do so. (See **Item 8**)

Our System standards may regulate participation in and requirements for member/customer loyalty programs, reciprocity programs, membership transfer policies and programs, and similar programs for all UFC GYM Businesses, including the terms and conditions we periodically specify for (i) providing members of other UFC GYM Businesses with access to the GYM; (ii) honoring memberships covering some or all UFC GYM Businesses and providing those members with access to the GYM; (iii) accepting memberships that we or our Affiliates process or assist in processing for the GYM, including paying us and our Affiliates reasonable fees for online membership applications that we process and other assistance we and they provide with respect to the GYM's memberships; and (iv) each UFC GYM Business' bearing, or sharing in, the costs and expenses associated with participating in any of these programs.

SALES RESTRICTIONS

You are not restricted as to the customers to whom you may sell approved products or services. We reserve the right to establish prices for the products and services you sell, both minimum and maximum, subject to applicable law. You must not solicit business or members for the GYM outside your Designated Territory through the use of an 800 number, catalog, direct mail, Internet Website or other advertising or solicitation method without our prior written consent.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

Provisions	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 15.1 of Franchise Agreement and Section 7 of Development Rights Rider	The initial term of the Franchise Agreement is 10 years beginning on the Agreement Date. Term of Development Rights Rider depends on development obligations.
b. Renewal or extension of the term	Section 15.2 of Franchise Agreement	You have the right to renew for 2 additional terms of 5 years each, if you meet the requirements for renewal and pay the renewal fee equal to 50% of the then current initial fee. No renewal or extension of Development Rights Rider.
c. Requirements for franchisee to renew or extend	Sections 15.2 of Franchise Agreement	To "renew," you must be in substantial compliance with the Franchise Agreement; you must have maintained minimum Gross Revenues during the last (2) years of the Term of at least eighty percent (80%) of the "designated average" of Gross Revenues; give us timely notice; pay us the renewal fee; maintain possession of the GYM or find acceptable substitute premises; remodel the GYM according to our then current standards (regardless of cost); and sign our then current Franchise Agreement, a release (if law allows), and other documents we use to grant franchises for UFC GYM Businesses. The terms of our then current Franchise Agreement that you sign for renewal of the franchise may differ materially from any and all of those contained in the Franchise Agreement attached to this Disclosure Document, including reduced Designated Territory and increased fees.
d. Termination by franchisee	None	Not Applicable
e. Termination by franchisor without cause	Not Applicable	None, but the Franchise Agreement expires without notice when the term ends.

Provisions	Section in Franchise Agreement	Summary
f. Termination by franchisor with cause	Sections 11 of Franchise Agreement and Section 8 of Development Rights Rider	We have the right to terminate the Franchise Agreement with cause.
g. "Cause" defined – curable defaults	Section 11.3 of Franchise Agreement	Any default other than those specified in Sections 12.1 and 12.2 of your Franchise Agreement may be cured within 30 days of written notice from us of the default.
h. "Cause" defined – non-curable defaults[2]	Sections 11.1 and 11.2 of Franchise Agreement and Section 8 of Development Rights Rider	We may terminate the Franchise Agreement upon a: Violation of federal, state or local environmental laws; (ii) Insolvency; (iii) General assignment for creditors; (iv) Filing in bankruptcy; (v) Adjudication of bankruptcy; (vi) Filing for appointment of a receiver or custodian; (vii) Appointment of a receiver or custodian; (viii) Filing for composition with creditors; (ix) Judgment of $25,000 or more remains unsatisfied;(x) Execution of levy; (xi) Filing of foreclosure suit; (xii) Sale of your assets after levy; (xiii) Abandonment; Failure to do business at the Premises for more than 21 days in any calendar year or for more than 7 consecutive days, or lose the right to possession of the Premises and have not found an acceptable substitute premises; (xiv) Conviction of any offense that might materially adversely affect the System; (xv) You deny us our right of inspection or audit; (xvi) You engage in deleterious conduct; (xvii) Unauthorized assignment; (xviii) Breach of confidentiality or noncompetition provisions of your Franchise Agreement; (xix) You knowingly maintain false books or records; (xx) Failure to timely transfer on your death or incapacity; (xxi)You misuse any of the Intellectual Property; (xxii) We (or our owners or Affiliates) terminate any other agreement between you (or your owners or Affiliates) and us (or our owners and Affiliates) due to failure to comply with the Franchise Agreement; (xxiii) Your violation of any anti-terrorism law; (xxiv) You breach any provision of Article 5; (xxv) You or any of your owners, commits any act or makes any statement that materially disparages us, Zuffa, or any of our or Zuffa's respective Affiliates; or (xxvi) If any of the Commissions, or any committees or sub-committees, advises or requires Zuffa, its Affiliates, or their equity owners to discontinue or restrict their business relationship and/or involvement with them as a result of a Regulatory Problem. (xxvii) We may terminate Development Rights Rider if you do not meet the development schedule or other obligations; if the Franchise Agreement or any other franchise agreement between us and you (or your affiliated entity) is terminated by us for Cause or by you for any or no reason; or we have delivered formal notice of default to you (or your affiliated entity) under the Franchise Agreement or another franchise agreement (whether or not default is cured).
i. Franchisee's obligations on termination/ nonrenewal	Sections 13.1 and 14.2 and Articles 6 and 12 of Franchise Agreement	You must: (i) Not (i) influence any Business Associate of ours to modify its relationship with us; (ii) have any involvement with any Competitive Business at the Premises where the GYM is located; within the Designated Territory; within a 5 mile radius of the Premises; or within a 5 mile radius of any other UFC GYM Businesses in operation or in the process of opening on the later of the effective date of the termination, expiration or transfer of your Franchise Agreement; or (iii) interfere with our business or any of our other UFC GYM franchisees; (ii) Indemnify us from any losses or damages we sustain as a result of the operation of the GYM; (iii) Maintain confidentiality of all our Confidential Information; (iv) Cease operating the GYM; (v) Pay all amounts you owe to us; (vi) Either remove, efface, return to us or destroy all references to "UFC GYM" or any of the Licensed Rights used in the GYM from all of your products, materials, supplies and equipment and from all business paper, stationery, signs, labels, packaging material, advertising, or the like, used or maintained by you (including, as soon as may reasonably be accomplished, telephone or internet directory listings); (vii) Not represent in any manner that you have any connection with us, Zuffa or the UFC-brand; (viii) Transfer any domain name registrations containing the Trademarks permitted to be maintained by you for your Website to us; (ix) Comply with our option to purchase the GYM; (x) Distinguish your Premises from any indicia of the System, including removal of our Trade Dress; (xi) Avoid unfair competition with us; (xii) Return all Intellectual Property to us; (xiii) Discontinue use of the

Provisions	Section in Franchise Agreement	Summary
		Trademarks; (xiv) Assign your lease to us; and (xv) Pay us liquidated damages. (See also (o) and (r) below)
j. Assignment of contract by franchisor	Section 10.1 of Franchise Agreement	There are no restrictions on our right to assign our interest in your Franchise Agreement.
k. "Transfer" by franchisee - defined	Sections 10.2, 10.3 and 10.4 of Franchise Agreement	Includes transfer of Franchise Agreement, the GYM (or its profits, loses or capital appreciation), sale of the GYM's assets, and ownership change in you or your owners
l. Franchisor approval of Transfer by franchisee	Sections 10.2 and 10.3 of Franchise Agreement and Section 9 of Development Rights Rider	We have the right to approve or disapprove of any Transfers, but we will not unreasonably withhold our approval. Your development rights under the Development Rights Rider are not assignable at all.
m. Conditions for franchisor approval of Transfer	Sections 10.2 and 10.3 of Franchise Agreement	(i)We do not exercise our right of first refusal; (ii) You are not in default under any agreement you have with us or any Affiliate; (iii) You must sign a general release; (iv) The transferee and its owners (if the transferee is an entity) or affiliates must not have an ownership interest (direct or indirect) in or perform services for a Competitive Business; (v) The transferee has sufficient business experience, aptitude, and financial resources to operate the GYM and meet our then current minimum net worth requirements (currently, $1,000,000); (vi) The transferee and its direct and indirect owners (if the transferee is an entity) are of good character and otherwise meet our then applicable standards for UFC GYM franchisees; (vii) The transferee must sign our then current form of Franchise Agreement and ancillary documents; (viii) The transferee must pay the applicable transfer fee; (ix) We must interview and approve the transferee; (x) The transferee must satisfactorily complete our application procedures; (xi) The transferee must renovate and upgrade the GYM as we specify; (xii) The transferee must properly assume all your obligations, including your lease; (xiii) The transferee must successfully complete Initial Training (xiv) We must approve of the proposed terms of sale or other factors involved in the transfer; and (xv) You and your transferring owners must comply with the non-competition covenants (see(r) below)
n. Franchisor's right of first refusal to acquire franchisee's business	Section 10.5 of Franchise Agreement	We have the option to purchase the GYM on the same terms as contained in the Offer. We will give you written notice of election within 30 days after our receipt of the Offer notice and all required information.
o. Franchisor's option to purchase franchisee's business	Section 12.5 of Franchise Agreement	We have the right (but not the duty), exercisable upon written notice to you given within 30 days after termination of the Franchise Agreement, to purchase the GYM at its fair market value.
p. Death or disability of franchisee	Section 10.4 of Franchise Agreement	If you or your Designated General Manager becomes disabled for more than 3 consecutive months or dies, you or your representative must provide a replacement General Manager satisfactory to us; and If (i) any individual who holds a fifty percent (50%) or greater voting or ownership interest in you (or in any Designated General Manager); or you die, your interests in the GYM must be transferred within 12 months of your death in accordance with the transfer provisions of your Franchise Agreement.
q. Non-competition covenants during the term of the franchise	Section 13.1(b)(i) of Franchise Agreement	You must not: 1. Influence any Business Associate of us to modify its relationship with us; 2. Have any involvement with any Competitive Business; or 3. Interfere with our business or any of our other UFC GYM franchisees.
r. Non-competition covenants after the franchise is terminated or expires4	Section 13.1(b)(ii) of Franchise Agreement	You must not, for 12 months after the end of your Franchise Agreement: Influence any Business Associate of ours to modify its relationship with us; Have any involvement with any Competitive Business at the Premises where the GYM is located, within the Designated Territory, within a 5-mile radius of the Premises, or within a 5-mile radius of any other UFC GYM Business in operation or in the process of opening on the later of the effective date of the termination, expiration or transfer of your Franchise Agreement; or Interfere with our business or any of our other UFC GYM franchisees.
s. Modification of the agreement	Sections 6.3, 13.1(d), 18.1	Your Franchise Agreement must not be modified without the consent of both you and us except: 1. We may change the contents of the Manuals;

Provisions	Section in Franchise Agreement	Summary
		2. We may modify the System; and 3. A court may modify any provision of your Franchise Agreement in accordance with applicable law.
t. Integration/ merger clause	Section 18.3 and 18.15	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in the Franchise Agreement is intended to disclaim the express representations made in this Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	16 of Franchise Agreement	With limited exceptions, all disputes must be resolved first by mediation between the parties and, if mediation is not successful, then by arbitration. We and you must arbitrate all disputes within 10 miles of our principal business address, which is currently located in Orange County, California
v. Choice of forum	Article 16.4 of Franchise Agreement	Subject to mediation and arbitration requirements, litigation must be in courts in the county where our principal place of business is then-located (currently, Orange County, California) (subject to state law)
w. Choice of law	Section 16.6	Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) or the United States Arbitration Act, 9 U.S.C. §§ 1 et seq., California law (subject to applicable state law).

A provision in your Franchise Agreement that terminates the Franchise Agreement upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101 *et seq*.

ITEM 18: PUBLIC FIGURES

We sometimes use Mr. Dana White, President and one of the owners of Zuffa (see Item 13), to promote franchises for UFC GYM Businesses. We do not pay Mr. White compensation (other than the compensation Mr. White receives as the President and owner of Zuffa) in connection with this promotion. We may, if we decide to do so, grant you the right to use Mr. White to promote the GYM. We currently do not use any other public figures to promote franchises for UFC GYM Businesses except those franchisees who happen to be public figures themselves but reserve the right to do so in the future.

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.

BACKGROUND

This Item sets forth certain historical data submitted by our franchised and company owned UFC GYM (Signature)/UFC FIT model gyms from January 1, 2023, to December 31, 2023, and from January 1, 2024, to December 31, 2024 (the "Measurement Period"). We have excluded all GYMS that have not been open and operating for the full Measurement Period.

This Item does not include financial information related to UFC GYM Jiu Jitsu, Class by UFC GYM, or UFC GYM (Core) model GYMS.

We have not audited this information, nor independently verified this information. Written substantiation of the data used in preparing this information will be made available upon reasonable request.

Some GYMs have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.

Part I: Affiliate Owned UFC GYM (Signature)/UFC FIT

The table below presents the Square Footage, the 2023 and 2024 Member Counts, and 2024 Revenue derived from Member Dues, as well as the number of Members and monthly dues derived per square foot for our three affiliate-owned UFC GYM (Signature)/UFC FIT model gyms open for the full Measurement Period. The table excludes 10 affiliate-owned Gyms that were sold to franchisees in 2024 and reported under Part II of this Item 19.

		12/31/2023	12/31/2024	Average	FY 2024		Per Sq. Ft. FY 2024	
Corporate Owned	Sq. Ft.	Member Count			Revenue	Dues	# of Member	Monthly Dues
High	43,089	4,916	6,660	5,788	$ 3,176,937	$ 1,724,321	0.14	$ 51
Low	33,520	3,466	4,148	3,807	$ 2,558,399	$ 1,418,342	0.10	$ 36
Average	38,807	4,296	5,233	4,765	$ 2,904,390	$ 1,621,133	0.12	$ 42
Median	39,811	4,506	4,892	4,699	$ 2,977,834	$ 1,720,737	0.13	$ 40

Part II: Franchisee Owned UFC GYM (Signature)/UFC FIT

The table below presents the Square Footage, 2023 and 2024 Member Counts, and 2024 Revenue derived from Member Dues, as well as the number of Members and monthly dues derived per square foot for 22 franchisee owned UFC GYM (Signature)/UFC FIT model gyms that were open and operating for the entire Measurement Period, including 10 that were transferred from affiliates at some point in 2024 as described above, but which were managed under our form of management services agreement. We operated these GYMs pursuant to a management services agreement during the Measurement Period. The table excludes: (i) one franchisee owned Gym that operated under a management services agreement but opened in 2024 and therefore was not open for the full Measurement Period; and (ii) three franchisee owned Gyms that terminated the management services agreement in 2024. The table also excludes franchisee owned UFC GYM (Signature)/UFC FIT model gyms that did not operate under a management services agreement.

		12/31/2023	12/31/2024	Average	FY 2024		Per Sq. Ft. FY 2024	
MSA	Sq. Ft.	Member Count			Revenue	Dues	# of Member	Monthly Dues
High	45,388	6,962	8,081	7,522	$ 5,492,565	$ 3,130,688	0.31	$ 128
Low	15,367	1,709	2,978	2,344	$ 1,734,254	$ 1,054,324	0.07	$ 37
Average	32,874	4,833	5,548	5,191	$ 3,589,973	$ 2,041,717	0.16	$ 62
Median	35,302	5,082	5,477	5,279	$ 3,620,581	$ 1,934,274	0.15	$ 58

GENERAL NOTES TO ITEM 19

1. Sales and expenses may vary. In particular, the revenue and expenses of your business will be directly affected by many factors, such as: (a) geographic location; (b) advertising effectiveness based on market saturation; (c) whether you operate the business personally or hire a manager; (d) employee salaries and benefits (life and health insurance, etc.); (e) insurance costs; (f) weather conditions; (g) ability to generate customers; (h) customer loyalty; and (i) employment conditions in the market.

2. This analysis does not contain complete information concerning the operating costs and expenses that you will incur in operating your GYM. Operating costs and expenses may vary substantially from GYM to GYM. The above figures exclude start-up expenses; advertising; costs of goods sold; insurance, payroll costs, taxes, administrative expenses as well as the cost of labor; owner compensation/salary; healthcare and employee benefits costs; utilities expenses; the cost of equipment, inventory, and supplies; travel and entertainment expenses; license and permit fees and professional services expenses; taxes; financing expenses, interest expense, interest income, depreciation, and amortization expenses; and related expenses which you will incur as a

franchisee.

3. Importantly, you should not consider the revenue or net profit information presented in the tables above to be the revenue or income that you will realize. We do not represent that you can or will attain this level of revenue or income, or any particular level of revenue or income. We do not represent that you will generate revenue, which exceeds the initial payment of, or investment in, the franchise. Therefore, we recommend that you make your own independent investigation to determine whether or not the franchise may be profitable to you. You should use the above information only as a reference in conducting your analysis and preparing your own projected income statements and cash flow statements. We suggest strongly that you consult your financial advisor or personal accountant concerning the preparation of your financial projections and federal, including any applicable taxes that you may incur in operating a GYM.

4. We are providing you with the following information with the understanding that you will do your own research to develop data with which to perform your analysis. Reviewing this limited amount of information cannot substitute for thorough research on your part and careful evaluation of this franchise opportunity with professional and legal advisors.

5. Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing GYM, however, we may provide you with the actual records of that GYM. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Curtis Braden at 4160 Temescal Canyon Road, Suite 112, Corona, CA 92883 or at (657) 900-4476, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

*All year-end numbers appearing in the tables below are as of December 31 in each year.

UFC GYM FRANCHISED BUSINESSES

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
Franchised	2022	65	61	-4
	2023	61	61	0
	2024	61	66	+5
Company Owned	2022	20	20	0
	2023	20	13	-7
	2024	13	3	-10
Total Outlets	2022	85	81	-4
	2023	81	74	-7
	2024	74	69	-5

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For years 2022 to 2024

State	Year	Number of Transfers
CA	2022	1
	2023	0
	2024	1
HI	2022	0
	2023	0
	2024	0
LA	2022	0
	2023	0
	2024	0
NV	2022	0
	2023	0
	2024	0
NJ	2022	0
	2023	1
	2024	1
NY	2022	0
	2023	0
	2024	0
Total	2022	2
	2023	0
	2024	2

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 By Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
AZ	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	1	0	0	0	0
CA	2022	12	2	0	0	0	1	13
	2023	13	4	3	0	0	0	14
	2024	14	4	0	0	0	0	18
CT	2022	0	2	0	0	0	1	1
	2023	1	0	0	0	0	0	1
	2024	1	0	1	0	0	0	0
CO	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 By Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2024	1	0	0	0	0	0	1
FL	2022	9	2	0	0	0	2	9
	2023	9	1	0	0	0	0	10
	2024	10	2	2	0	0	0	10
HI	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	3	0	0	0	0	5
IL	2022	5	0	0	0	0	0	5
	2023	5	0	1	0	0	0	4
	2024	4	0	0	0	0	0	4
IN	2022	4	0	3	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
LA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
MA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
NV	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
NJ	2022	5	2	0	0	0	0	7
	2023	7	1	1	0	0	0	7
	2024	7	1	2	0	0	0	6
NM	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
NY	2022	5	2	0	0	0	3	4
	2023	4	0	2	0	0	0	2
	2024	2	1	1	0	0	0	2
OH	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	1	0	0	0	0
	2022	3	0	0	0	0	2	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
PA	2023	1	1	0	0	0	0	2
	2024	2	1	0	0	0	0	3
SC	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
TN	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
TX	2022	6	2	0	0	0	0	8
	2023	8	1	2	0	0	0	7
	2024	7	0	1	0	0	0	6
VA	2022	6	0	3	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
WA	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Total	**2022**	**65**	**13**	**6**	**0**	**0**	**11**	**61**
	2023	**61**	**9**	**9**	**0**	**0**	**0**	**61**
	2024	**61**	**14**	**9**	**0**	**0**	**0**	**66**

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

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
CA	2022	10	0	0	0	0	10
	2023	10	0	0	0	3	7
	2024	7	0	0	0	4	3
HI	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	0	0	3	0
NV	2022	2	0	0	0	0	2
	2023	2	0	0	1	0	1
	2024	1	0	0	0	1	0
NJ	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
	2024	1	0	0	0	1	0
NY	2022	2	0	0	1	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	1	0
TX	2022	2	0	0	0	0	2
	2023	2	0	0	2	0	0
	2024	0	0	0	0	0	0
WA	2022	1	0	0	0	0	1
	2023	1	0	0	0	1	0
	2024	0	0	0	0	0	0
Totals	**2022**	**20**	**1**	**0**	**1**	**0**	**20**
	2023	**20**	**0**	**0**	**3**	**4**	**13**
	2024	**13**	**0**	**0**	**0**	**10**	**3**

Table No. 5
Projected Openings As Of December 31, 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In the Next Fiscal Year
AZ	1	1	0
CA	8	4	0
FL	2	1	0
HI	1	1	0
IL	2	1	0
IN	1	0	0
MA	1	0	0
MI	1	0	0
OH	1	0	0
PA	1	0	0
PR	1	1	0
TN	1	1	0
TX	4	0	0
WA	1	0	0
Total	**26**	**10**	**0**

Attached as Exhibit D is a complete list of the names, addresses and telephone numbers of all UFC GYM franchisees operating a UFC GYM location under a UFC GYM Franchise Agreement with us, as of December 31, 2024. Also included in Exhibit D are the names, city, state, and last known business/home telephone numbers of all franchisees that have been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a UFC GYM Franchise Agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. In some instances, current and former franchisees sign provisions restricting their ability to

speak openly about their experience with our UFC GYM franchise system. You may wish to speak with current and former franchisees; however, please be aware that not all such franchisees will be able to communicate with you.

There are no trademark-specific franchisee organizations associated with our franchise System, and no independent franchisee organizations have asked to be included in this Disclosure Document.

ITEM 21: FINANCIAL STATEMENTS

Attached as Exhibit H are our audited financial statements for the periods ending December 31, 2024, December 31, 2023, and December 31, 2022.

ITEM 22: CONTRACTS

The following contracts, agreements and other relevant documents are attached as Exhibits to this Disclosure Document:

Exhibit B	Franchise Agreement with Exhibits
Exhibit 1	Owners' Guaranty
Exhibit 2	Lease Addendum
Exhibit 3	Non-Disclosure and Confidentiality Agreement
Exhibit 4	List of Competitive Businesses
Exhibit 5	Conditional Assignment of Telephone Numbers
Exhibit 6	UFC GYM Jiu Jitsu Royalty Withdrawal Information and Agreement
Exhibit C	Development Rights Rider to Franchise Agreement
Exhibit E	Site Selection Addendum
Exhibit F	ADA Certification Form
Exhibit G	Statement of Prospective Franchisee
Exhibit H	Financial Statements
Exhibit I	Consent to Transfer Agreement
Exhibit J	Equipment Package Purchase Order and Terms
Exhibit K	State Specific Addenda to FDD and Franchise Agreement
Exhibit L	SBA Addendum
Exhibit M	Management Services Agreement

ITEM 23: RECEIPTS

Our and your copies of the Franchise Disclosure Document Receipt are located at the last 2 pages of this Disclosure Document. Please sign and date one copy and return it to us. Retain the other copy for your records. You should also complete and return the Statement of Prospective Franchisee (Exhibit G) to us before you sign any Franchise Agreement or pay any sums.

EXHIBIT A
TO THE
UFC GYM FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

California Department of Financial Protection and Innovation Toll Free: 1 (866) 275-2677 ***Los Angeles*** Suite 750 320 West 4th Street Los Angeles, California 90013-2344 (213) 576-7500 ***Sacramento*** 1515 K Street, Suite 200 Sacramento, California 95814-4052 (916) 445-7205 ***San Diego*** 1350 Front Street, Rm. 2034 San Diego, California 92101-3697 (619) 525-4233 ***San Francisco*** One Sansome Street, Suite 600 San Francisco, California 94105-2980 (415) 972-8559	**Hawaii** (for service of process) Commissioner of Securities Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722 (for other matters) Commissioner of Securities Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722

Indiana (for service of process) Indiana Secretary of State 201 State House, 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531 (state agency) Indiana Secretary of State Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	**Illinois** Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
Maryland (state agency) Office of the Attorney General-Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360 (for service of process) Maryland Securities Commissioner at the Office of Attorney General- Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360	**Minnesota** Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600
Michigan Corporations Division Franchise P.O. Box 30054 Lansing, MI 48909 (517) 373-7117	**New York** (for service of process) New York Department of State Division of Corporations, State Records & Uniform Commercial Code One Commerce Plaza 99 Washington Ave., 6th Floor Albany, New York 12231 (518) 474-4770 (for other matters) New York State Department of Law Investor Protection and Securities Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8000

Oregon	**North Dakota**
Oregon Division of Finance and Corporate Securities 350 Winter Street NE, Room 410 Salem, Oregon 97301-3881 (503) 378-4387	(state agency) North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor Dept 414 Bismarck, North Dakota 58505-0510 (701) 328-4712 (for service of process) Securities Commissioner 600 East Boulevard Avenue State Capitol Fifth Floor Dept 414 Bismarck, North Dakota 58505-0510 (701) 328-4712

Rhode Island Securities Division Department of Business Regulations 1511 Pontiac Avenue John O. Pastore Complex-Building 69-1 Cranston, RI 02920 (401) 462-9500	**Washington** (for service of process) Director Department of Financial Institutions Securities Division General Admin. Bldg. 3rd Floor 210-11th Avenue S.W. Olympia, Washington 98504 (for other matters) Department of Financial Institutions Securities Division P. O. Box 9033 Olympia, Washington 98501-9033 (360) 902-8760
South Dakota Division of Insurance Securities Regulation 124 S. Euclid Suite 104 Pierre, SD 57501 (605) 773-3563	**Wisconsin** Commissioner of Securities 345 W. Washington Ave., 4th Floor Madison, Wisconsin 53703 (608) 266-8557
Virginia (for service of process) Clerk, State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9733 (for other matters) State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street Ninth Floor Richmond, Virginia 23219 (804) 371-9051	

EXHIBIT B
TO THE
UFC GYM FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT WITH EXHIBITS

UFC GYM FRANCHISE AGREEMENT

Data Sheet

Franchisee: _____

Guarantors: _____

Effective Date: _____

Initial Fee: _____

Model: _____

Search Area _____

Gym Location: _____

_____

Designated Territory: _____

_____

Telephone Number: _____

Facsimile Number: _____

E-Mail Address: _____

Managing Owner: _____

General Manager: _____

The terms of this Data Sheet are incorporated into the attached Franchise Agreement

© UG FRANCHISE OPERATIONS, LLC
4160 Temescal Canyon Road, Suite 112
Corona, CA 92883
(949) 612-9635

TABLE OF CONTENTS

ARTICLE 1- APPOINTMENT 79
ARTICLE 2- OUR DUTIES 81
ARTICLE 3- FEES AND PAYMENTS 87
ARTICLE 4- YOUR DUTIES 89
ARTICLE 5- INTELLECTUAL PROPERTY 99
ARTICLE 6- THE MANUALS AND OTHER CONFIDENTIAL INFORMATION 104
ARTICLE 7- ADVERTISING 105
ARTICLE 8- ACCOUNTING AND RECORDS 109
ARTICLE 9- INSURANCE 110
ARTICLE 10- TRANSFER OF INTEREST 112
ARTICLE 11- DEFAULT AND TERMINATION 117
ARTICLE 12- YOUR OBLIGATIONS UPON TERMINATION, EXPIRATION OR NONRENEWAL 120
ARTICLE 13- YOUR INDEPENDENT COVENANTS 125
ARTICLE 14- INDEPENDENT CONTRACTOR AND INDEMNIFICATION 126
ARTICLE 15- TERM 127
ARTICLE 16- DISPUTE RESOLUTION 130
ARTICLE 17- DEFINITIONS 133
ARTICLE 18- GENERAL PROVISIONS 137

EXHIBIT 1 OWNER'S GUARANTY AND ASSUMPTION OF BUSINESS ENTITY FRANCHISEE'S OBLIGATIONS
EXHIBIT 2 LEASE ADDENDUM
EXHIBIT 3 NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT
EXHIBIT 4 LIST OF COMPETITIVE BUSINESSES
EXHIBIT 5 CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS
EXHBIT 6 UFC GYM JIU JITSU ROYALTY WITHDRAWAL INFORMATION AND AGREEMENT

UFC GYM FRANCHISE AGREEMENT

THIS UFC GYM FRANCHISE AGREEMENT (the "**Agreement**") is entered into on _____ (the "**Effective Date**"), by and between **UG Franchise Operations, LLC** (**"Franchisor**," "**we**," "**us**," or "**our**") and _____ (**"Franchisee,"** "**you**", "**your**" and including your "**Owners**").

BACKGROUND

A. We and our Affiliates have, over a considerable time period and with considerable effort, developed (and continue to develop and modify) a system and franchise opportunity for the operation of membership-based MMA-oriented physical fitness gyms offering group and individual functional fitness, boxing, kickboxing and mixed martial arts training, utilizing (depending on the UFC GYM Business model) a punching bag area, a free weight area, a personal training area, various cardio and selectorized fitness machines, and a mixed martial arts octagon with unique construction and design features. These physical fitness gyms operate under the "**UFC GYM®**" name and other trademarks (collectively, "**UFC GYM Businesses**") and have distinctive business formats, methods, procedures, designs, layouts, standards, and specifications, all of which we may improve, further develop, or otherwise modify from time to time.

B. We and our Affiliates use, promote, and license the service mark and logo "**UFC GYM®**" and certain other trademarks, service marks, trade names, logos and commercial symbols in operating UFC GYM Businesses, which have gained and will continue to gain public acceptance and goodwill, and may create, use, and license other trademarks, service marks, and commercial symbols for UFC GYM Businesses (collectively, the "**Trademarks**").

C. We grant to persons who meet our qualifications, and are willing to undertake the investment and effort, a franchise to own and operate a UFC GYM Business offering the products and services we authorize and using our business formats, methods, procedures, signs, designs, layouts, standards, specifications, Trademarks, and Intellectual Property (the "**System**").

D. You recognize the benefits from receiving a Franchise and desire to enter into this Agreement subject to the terms of this Agreement and to receive the benefits provided by us under this Agreement.

E. We have reviewed your franchise application and have decided to award a Franchise to you on the terms stated in this Agreement and as evidenced by this Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants, conditions and agreements contained herein and for other good and valuable consideration the receipt and sufficiency of which is acknowledged by each of the parties hereto, the parties hereto do hereby each covenant and agree with the other as follows:

ARTICLE 1- APPOINTMENT

Section 1.1 GRANT OF FRANCHISE

Franchisor hereby grants to you, upon the express terms and conditions contained in this Agreement, and you hereby accept, a franchise (the "**Franchise**") for the right to establish and operate one (1) UFC GYM business (the "**GYM**") during the Term of this Agreement, under the system and marks identified in this Agreement, and the right to use said system and marks in the operation of the gym. We have the right to supplement, improve or otherwise modify the system from time to time in our discretion, and you agree to

comply with all changes which may include, without limitation, the offer and sale of new or different products or services as franchisor may specify. The foregoing grant to you does not include, without limitation: (i) any right to offer any product or service via e-commerce; (ii) any right to establish an independent website or to establish a URL incorporating the marks or any variation thereof; (iii) any right to establish a social media page or profile including the Trademarks without our prior written consent; or (iv) any right to distribute, offer market or implement our services and products in any channel of distribution not specifically identified in this Agreement.

Section 1.2 LOCATION OF THE GYM

You agree that you will operate the GYM only at the Approved Location described on the Data Sheet ("**Approved Location**"). If we have not approved a location for you to operate the GYM as of the date you sign this Agreement, the parties shall enter into a Site Selection Addendum, the terms of which shall govern the parties' site selection obligations. The location cannot be changed or relocated without our prior written consent and compliance with our relocation procedures. You will not solicit business outside your Designated Territory through the use of an 800 number, catalog, direct mail, Internet, Website or other advertising or solicitation method without our prior written consent.

Section 1.3 DESIGNATED TERRITORY

You will receive a protected territory which may vary in size and dimensions from that of other System franchisees. Subject to the terms of this Agreement, we will not establish or operate, nor license to any party other than you the right to establish and operate a UFC Gym Business under the System and Marks within the protected territory (the "**Designated Territory**"), during the term hereof. However, we reserve for ourselves the rights stated in Section 5.10, which are superior to your rights under this Agreement, and the right to sole determination as to the location, size and delineation of your Designated Territory.

(a) Determination of the Designated Territory. The criteria used for determining the boundaries of the Designated Territory may include: the population base; density of population; growth trends of population; apparent degree of affluence of population; the density of residential and business entities; location of competing businesses and major and restriction topographical features which clearly define contiguous areas, such as rivers, mountains, major freeways and underdeveloped land areas. As a result of these consideration, your Designated Territory may vary in size, population density, and other features from another area. Site approval and determination of a corresponding Designated Territory shall be completed by Franchisor following receipt of a proposed area and site description from Franchisee. The determination of the Designated Territory shall be made by Franchisor, in its sole discretion. Once you obtain an Approved Location, the Designated Territory will be set forth in writing and made a part of this Agreement.

(b) Retention of Territorial Protection Our grant of territorial protection in Section 1.3(a) above shall remain in effect so long as this Agreement is in force and effect and Franchisee is not in material default under any of the material terms hereof (after expiration of all applicable cure periods). This includes submitting a proposed site for the GYM, within ninety (90) days of executing this Agreement, as set forth more fully in Section 4.1. Franchisor has the right, in its sole discretion, to operate, or to grant to other franchises to operate, at locations outside of the Designated Territory, in its sole and exclusive discretion, deems appropriate.

(c) Other Channels of Distribution. You acknowledge and agree that certain of our or our Affiliates' products or services, whether now existing or developed in the future, may be distributed in your Designated Territory by us, our Affiliates, or our franchisees, licensees, designees, in such manner and through such channels of distribution as we, in our sole discretion, shall determine. These alternate channels of distribution include, but are not limited to, the sale of Trademarked Product Line under the Marks via the Internet, mail order catalog, though wholesale and resale stores, and direct marketing via television and radio. You understand that

this Agreement grants you no rights to: (1) distribute such products or services described in this Section 1.3(c) or (2) share in any of the proceeds received by any such party therefrom.

Section 1.4 RELOCATION OF THE GYM

(a) **Loss of Lease**. If the Premises is leased by you and the lease expires or is terminated (provided termination is not due to your default) before the expiration or termination of this Agreement, you then have 90 days to secure a new location within your Designated Territory but not within the territory of another UFC GYM Business, whether operating or under development. We must approve the new location in writing. You have 90 days from the date the new lease is signed to open and begin full operation of the new GYM in compliance with this Agreement unless we otherwise agree in writing. Your failure to secure a new location and begin operation within the specified times is an Event of Default on your part. Upon your written request, we may, at our sole discretion, grant you a written extension of the deadlines herein up to 90 days, so long as you are working in good faith to begin operations. Such request for extension shall not be unreasonably withheld.

(b) **Casualty**. If the Premises is damaged or destroyed by fire or other casualty, or is required by any Governmental Authority, to be repaired or re-constructed you will, at your expense, repair or reconstruct the Premises within a reasonable time under the circumstances. The minimum acceptable appearance for the restored Premises will be as existed just before the casualty. However, every reasonable effort must be made to have the restored Premises reflect the then current trade dress of new UFC GYM Businesses. If the Premises is substantially destroyed by fire or other casualty, you may, with our written agreement, terminate this Agreement instead of reconstructing the Premises or relocating the GYM.

(c) **Condemnation**. You will, as soon as possible, give us notice of any proposed taking by eminent domain. If we agree that the GYM or a substantial portion is to be taken, we will give prompt consideration to transferring the GYM to a nearby location you select within your Designated Territory but not within the territory of another UFC GYM Business, whether operating or under development, as quickly as reasonably possible. You will complete this undertaking within 90 days of the taking. If the new location is acceptable and we authorize the transfer, and if you open a new GYM at the new location in accordance with our specifications within 90 days after obtaining the new location, your new GYM will be deemed to be the GYM under this Agreement. If a condemnation takes place and a new GYM does not, for any reason, open for business within 90 days after the taking, this is an Event of Default on your part. Upon your written request, we may, at our sole discretion, grant you a written extension of the deadline herein up to 90 days, so long as you are working in good faith to begin operations. Such request for extension shall not be unreasonably withheld.

(d) **Change in Character**. In your and our judgment, if there is a change in the character of the location of the GYM that is deemed to be sufficiently detrimental to its business potential to warrant its relocation, you will have the option to relocate the GYM.

(e) **Costs**. Any relocation of the GYM, for any reason, will be at your sole expense and require that you (and each Affiliate and owner of yours) sign general releases, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors, and assigns.

ARTICLE 2- OUR DUTIES

We will provide you with the following initial and ongoing assistance and services, as long as you are not in default under this Agreement:

Section 2.1 SITE SELECTION ASSISTANCE

We will supply to you our site selection criteria. We will not unreasonably withhold approval of any site that meets our standards for demographic characteristics, traffic patterns, parking, the predominant character of the neighborhood, competition from other businesses providing similar services within the area, the proximity to other businesses, the nature of other businesses in proximity to the site and other commercial characteristics, the size, appearance and other physical characteristics of the site, and any other factors that we consider relevant in approving or disapproving a site. We will review site approval submissions on a first-received basis. If we do not approve the selected site, you have 30 days to submit a new site within the Search Area for our written approval. **WE DO NOT REPRESENT THAT WE HAVE ANY SPECIAL EXPERTISE IN SELECTING SITES. OUR APPROVAL OF A SITE IS NOT A REPRESENTATION OR WARRANTY THAT THE GYM WILL BE PROFITABLE OR THAT YOUR SALES WILL ATTAIN ANY PREDETERMINED LEVELS. APPROVAL IS INTENDED ONLY TO INDICATE THAT THE PROPOSED SITE MEETS OUR MINIMUM CRITERIA FOR IDENTIFYING SITES. YOU AGREE THAT OUR APPROVAL OR DISAPPROVAL OF A PROPOSED SITE DOES NOT IMPOSE ANY LIABILITY ON US.**

Section 2.2 PLANS AND SPECIFICATIONS

We reserve the right to provide you mandatory and suggested specifications for the following:

(i) Our requirements for design, decoration, layout, equipment, furniture, fixtures and signs for the GYM (collectively, the "**UFC GYM Trade Dress**"); and

(ii) Uniforms for your employees, which are to be purchased directly from our approved suppliers.

Section 2.3 BUSINESS PLANNING ASSISTANCE

After this Agreement is signed by the parties, we will review and comment on any business plan and pro forma financial projections you prepare. **WE DO NOT REPRESENT THAT WE HAVE ANY SPECIAL EXPERTISE IN REVIEWING OR DEVELOPING BUSINESS PLANS. OUR REVIEW AND COMMENTARY OF A BUSINESS PLAN OR FINANCIAL PROFORMA IS NOT A REPRESENTATION OR WARRANTY THAT THE GYM WILL BE PROFITABLE OR THAT YOUR SALES WILL ATTAIN ANY PREDETERMINED LEVELS. OUR REVIEW AND COMMENTARY IS INTENDED ONLY TO PROVIDE INFORMATION SHARING TO YOU AND YOU AGREE THAT SUCH REVIEW AND COMMENTARY DOES NOT IMPOSE ANY LIABILITY ON US.**

Section 2.4 ACCOUNTING, COST CONTROL, GYM MANAGEMENT AND POINT OF SALE SYSTEMS

(a) **Computer Hardware and Software.** You shall purchase or lease a particular membership management and point of sale system ("**Gym Management System**") from our designated supplier either contained in the Manual or approved by us. You are not allowed to use an unapproved external terminal to process transactions. Any assistance or support relating to such system must be provided by a third party and not by us.

(b) **Franchisor's Access**. We may require that your Gym Management System be programmed to automatically transmit data and reports about the operation of the GYM to us. We shall also have the right to, at any time without notice, electronically connect to your Gym Management System to monitor or retrieve data stored on the Gym Management System or for any other purpose we deem necessary. There are no contractual limitations on Franchisor's right to access the information and data on your Gym Management System. You shall deliver to us all access codes, static internet protocol ("**IP**") addresses and other information to facilitate our

access to the data described in this Section 2.4 within thirty (30) days of opening the Gym.

(c) **Proprietary Software.** We have a proprietary interest in all databases, list, templates, programs and any other software components that have been created and/or customized by us (the "**Proprietary Software**"). In the future, we may further customize the Proprietary Software and create programs that conduct, among other things, scheduling, accounting, point-of-sale functions, and related activities. You must obtain the computer hardware necessary to implement the Proprietary Software Program into your Gym and comply with all specifications and standard prescribed by us regarding the Proprietary Software as provided in the Manuals. This Proprietary Software will be proprietary to us and Confidential Information of ours.

(d) **PCI-DSS Compliance.** You are required to ensure that your computer network and Gym Management System is PCI-DSS compliant and that your configuration and policies adhere to the PCI- DSS fundamental security practices which can be found at www.visa.com/cisp or www.pcisecuritystandards.org. You shall take all required steps under the PCI security standards, including, but not limited to the following: (1) maintain a firewall at all times; (2) enable firewall logging and maintain firewall logs for a minimum of one year; (3) implement strong access controls; (4) adequately complete the relevant Self-Assessment Questionnaire; (5) retain a PCI approved security provider to conduct quarterly scans of your network; and (6) comply with all current security guidelines as required by PCI-DSS. Any failure to comply with this Section or the current PCI-DSS security guidelines shall be considered a material breach of this Agreement.

(e) **Area Computer Network.** You are required to participate in any System-wide area computer network, intranet system, or extranet system that we implement and may be required by us to use such area computer network, intranet system, or extranet system to, among other things: (i) submit your reports due under this Agreement to us on-line; (ii) view and print portions of the Manuals; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) to complete any initial or ongoing training. You agree to use the facilities of any such area computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that we included in the Manuals, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

Section 2.5 LISTS, FORMS AND SCHEDULES

We will provide you with the following:

(a) A list of required MMA, boxing and gym equipment, supplies, materials, inventory and other items necessary to open and operate the GYM and a list of approved suppliers of these items;

(b) An initial sample set of forms, including training class schedules, daily reports, standard brochure and various operational forms, standardized periodic weekly reporting forms for reporting accounting information, cost analysis and purchase order forms;

(c) A schedule of items that must be purchased from us, or our Affiliates, including inventory, business forms, brochures and other items; and

(d) A schedule of recommended equipment and supplies that can be purchased from third-party suppliers.

These forms and schedules are set forth in the Manuals. **WE DO NOT WARRANT THE COMPLETENESS, LEGALITY OR ENFORCEABILITY OF ANY SUCH AGREEMENTS OR FORMS. YOU SHOULD RETAIN YOUR OWN LEGAL COUNSEL TO REVIEW AND REVISE SUCH AGREEMENTS AND DOCUMENTS TO CONFORM TO ALL APPLICABLE FEDERAL AND STATE LAWS.**

Section 2.6 EMPLOYEE INFORMATION AND ASSISTANCE

We will give to you a standardized interviewing/selection template. You are solely responsible for the hiring, disciplining, supervising, promoting, and firing of your employees and the establishment of their salaries as further provided in Section 4.8.

Section 2.7 INITIAL TRAINING

(a) **Initial Training**. We will provide you with Initial Training for up to five (5) Trainees at our training facilities in Newport Beach, California (or at another location we determine in our sole discretion). Unless otherwise agreed in writing, the Trainees must include the Managing Owner and the General Manager. If you or your Managing Owner will not be active in the day- to-day activities of the GYM, you may designate another person as your General Manager who will be active in the day-to-day activities of the GYM to be another Trainee. All Trainees must be acceptable to us. Initial Training includes daily operations, membership selling techniques, instructor training, instruction in administration, operations, event promotions, and marketing and franchisor relations. Training programs may differ in content and length for Managing Owners or employees depending upon their responsibilities at the GYM. We will provide, at our expense (Initial Training is included in the Initial Fee): instructors, facilities, equipment, training materials and technical training tools for Initial Training. You are responsible for all expenses of the Trainees in attending Initial Training including all travel, lodging and meal expenses. You will pay all expenses incurred to have any additional employees attend Initial Training, including reasonable training fees.

(b) **Failure to Complete Initial Training**. If any Trainee fails to satisfactorily complete Initial Training, as reasonably determined by us, we may: (i) at your expense and direction, retrain the Trainee or train another Trainee; or (ii) if you are unable or unwilling to comply with option (i) above, including if the recurring or replacement Trainee(s) cannot satisfactorily complete Initial Training, we may in our sole discretion elect to terminate this Agreement and your franchise fee will remain fully earned and non-refundable.

(c) **UFC GYM Online University.** We will provide (either directly or through ClubConnect (or another third party)), and you must purchase, a monthly subscription to the UFC GYM Online University ("**University**") at its then current monthly subscription rate. The subscription amount will either be, at our election (i) deducted monthly beginning on the date that the University is made available to you through the then current Payment System as provided in Section 3.3 or (ii) paid directly by you to the third-party service provider (e.g., ClubConnect (or another applicable third party)). The University will provide you and your personnel with ongoing training and assistance in the operation of the GYM. We (or ClubConnect (or another applicable third party)) reserve the right to discontinue the University at any time without notice and do not make any warranty as to the availability of the University.

Section 2.8 THE MANUALS

We will provide you access to, for use in operating the GYM during the Term, one (1) copy of the Manuals (with revisions as required) or an electronic copy will be made available to you via the UFC Gym Intranet or other system we may designate. The Manuals contains mandatory and suggested specifications, standards, operating procedures and rules that we periodically specify for developing and/or operating a GYM ("**System Standards**") on your obligations under this Agreement. We may modify the Manual periodically to reflect changes in System Standards. Modifications to the Manuals will be based on what we, in our sole discretion, deem is in the best interests of the System, our interest and the interest of the UFC GYM franchisees, including to promote quality, enhance good will, increase efficiency, decrease administrative burdens, or improve profitability subject to the

Capital Expenditure Limitation stated in Section 4.20. You agree that because complete and detailed uniformity under many varying conditions may not be possible or practical, we reserve the right, in our sole discretion and as we may deem in the best interests of all concerned in any specific instance, to vary standards for any franchisee due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices or any condition that we deem important to the successful operation of that franchisee's UFC GYM Business.

The System Standards do not include any employment-related policies or procedures or security-related policies or procedures that we (at our option) may make available to you in the Manual or otherwise for your options use. You shall determine to what extent, if any, these policies and procedures may be applicable to your operations at the GYM. We and you recognize that we neither dictate nor control labor or employment matters for franchisees and their employees and we are not responsible for the safety and security of GYM employees or members.

You agree to keep your copy of the Manual in a secure location. You agree that the contents of the Manual are confidential and that you will not disclose the Manual to any person other than GYM employees who need to know its contents. You may not at any time duplicate or otherwise reproduce any part of the Manual, except as we periodically authorize of training and operations purposes.

At our option, we may post the Manual on the UFC Gym Intranet or another restricted website to which you will have access. If we do so, you must periodically monitor the website for any updates to the Manual or System Standards. Any passwords or other digital identification necessary to access the Manual on such website will be deemed to be a part of the Confidential Information (defined in Section 17.1).

Section 2.9 PRE-OPENING INSPECTION

We may, at our option, physically inspect the GYM location when the equipment is installed and provide installation consultation to you at this time. You are responsible for travel, lodging and expenses associated with this service. We will thereafter provide you with advice, as we deem appropriate, to ensure that you conform to applicable System standards before the Opening Date.

Section 2.10 ON-SITE TRAINING

We may, at our option, make available to you at your Pre-Sale or Opening Date (at our option and discretion), on-site training for one Business Day by our Opening Supervisor, who, in most instances, will be a franchise consultant or other employee or Designee. The on-site training program will be conducted at the GYM location during your initiation of Pre-Sale or Opening and will include a review of all personnel, equipment, supplies, systems and operations. You will pay the expenses of the Opening Supervisor.

Section 2.11 CONTINUED ASSISTANCE AND SUPPORT

Upon the opening of the GYM, in our sole discretion, we (or suppliers we may designate or approve) will, subject to your continued compliance in all material respects with this Agreement and any other binding written agreement in effect between us and you, provide to you the following:

(a) **Gym Management Software/POS Services**. Our designated supplier will provide you with membership sales, product sales, EFT and general administrative services through its gym management and point of sale service. You will be required to pay a fee to this designated supplier for these services and we reserve the right to change the designated supplier for these services.

(b) **Field Visits**. When and where we deem necessary, assistance to you in the development and operation of the GYM by means of periodic visits by one of our field representatives.

(c) **Telephone Assistance**. Informational assistance by telephone, including consultation on matters involving operations, advertising, promotion and business methods.

(d) **Advertising and Public Relations Campaigns**. Promotion of your UFC Gym Business through advertising and public relations campaigns.

(e) **Local Advertising**. Advice on Local Advertising.

(f) **Promotional Methods and Materials**. Promotional methods and materials that we develop.

(g) **Radio and Television Commercials**. A preapproved radio script and, subject to availability at our discretion, camera-ready television commercials (not including airtime) for your use in your Designated Territory.

(h) **Periodic Assistance**. Advisory assistance in the operation and promotion of the GYM, as we deem advisable. Advisory assistance may include additional training and assistance, communication of new developments, improvements in equipment and supplies, and new techniques in advertising, service and management relevant to the operation of the GYM.

(i) **Refresher or Additional Training**. Refresher training programs, seminars or advanced management training for you and your employees at our principal training facility in Newport Beach, California, as may be required at our option. Training is not required more often than once a year. However, if you receive an unsatisfactory inspection report from us and fail to promptly remedy the deficiencies, we may require your Managing Owner (or your designated General Manager approved by us) and designated employees to attend refresher training as soon as reasonably possible. You are solely responsible for all expenses associated with these programs including the then-prevailing standard training fee we charge for these programs and all travel, meals and lodging costs of your attendees.

(j) **Special Assistance**. Upon your request, and subject to reasonable limits, we will furnish non-routine guidance and assistance to address your unusual or unique operating problems at our customary per diem rates. You will be responsible for all expenses and out-of- pocket expenses we incur.

(k) **Research and Development**. We may, at our discretion, continue to research and develop new equipment, products and services, introductions and techniques and incorporate them into the System as we deem appropriate in our sole discretion. We will conduct market research and testing to determine consumer trends and the salability of new products and services. If we choose you, and if you agree, you will participate in our market research programs, by test marketing new products and services in the GYM and by providing us with timely reports and other relevant information regarding that market research. If you participate in any test marketing, you agree to purchase a reasonable quantity of the products or services being tested and to effectively promote and make a good faith effort to sell them.

Section 2.12 LICENSE OF INTELLECTUAL PROPERTY

Subject to, and in accordance with, the terms and conditions set forth in this Agreement, we hereby grant to you, during the Term and solely within the Designated Territory, a non- transferable, non-exclusive, royalty-based license (with no right of sublicense) to use the Intellectual Property and the Licensed Rights solely for purposes of operating the System.

Section 2.13 DUTIES SOLELY TO YOU

All of our obligations under this Agreement are only to you. No other party is entitled to rely on, enforce,

or obtain relief for breach of the obligations either directly or by subrogation.

Section 2.14 OUR RIGHT TO DELEGATE DUTIES

You agree to our right to delegate our duties under this Agreement to a Designee. You must discharge your duties with the Designee to the extent we request, as you must do with us. We remain responsible for our obligations under this Agreement even if delegated to the Designee.

ARTICLE 3- FEES AND PAYMENTS

Section 3.1 TYPES OF FEES

In consideration of our signing this Agreement, you must pay to us the following fees, in addition to any others required under this Agreement, all payable in United States currency at our principal office:

(a) **Initial Fee**. In consideration of administrative and other expenses Franchisor incurs in granting the Franchise and for Franchisor's lost or deferred opportunity to franchise others, and except as otherwise may be provided in the Development Rider, Franchisee will pay to Franchisor an initial franchise fee (the "**Initial Fee**") in the amount of the corresponding UFC Gym franchise;

- **UFC GYM Jiu Jitsu.** The Initial Fee for your UFC GYM Jiu Jitsu is $30,000 and is due upon signing this Agreement via wire payment, ACH payment, or other form of payment acceptable to us.

- **Class by UFC GYM.** The Initial Fee for your Class by UFC GYM is $30,000 and is due upon signing this Agreement via wire payment, ACH payment, or other form of payment acceptable to us.

- **UFC GYM (Core)**. The Initial Fee for your UFC GYM (Core) is $40,000 and is due upon signing this Agreement via wire payment, ACH payment, or other form of payment acceptable to us.

- **UFC GYM (Signature) / UFC FIT**. The Initial Fee for your UFC GYM (Signature) or UFC FIT is $50,000 and is due upon signing this Agreement via wire payment, ACH payment, or other form of payment acceptable to us . If you purchase a UFC GYM (Signature) or a UFC FIT franchise, we may, at our sole discretion, require you to enter into a Management Services Agreement ("**MSA**").

All fees detailed in this Section shall be deemed fully earned and non-refundable upon execution of this Agreement as consideration for expenses incurred by Franchisor in furnishing assistance and services to Franchise and for Franchisor's lost or deferred opportunity to franchise others, except as may be otherwise specifically provided in this Agreement. All fees due under this Agreement must be made to us via wire or ACH payment; neither checks nor cash will be accepted as a valid form of payment.

(b) **Royalty Fee**. You will pay a continuing non-refundable Royalty Fee during the Term equal to the below referenced rate for your applicable UFC GYM franchise:

- **UFC GYM Jiu Jitsu** – 6% of Gross Revenue.

- **Class by UFC GYM** – 6% of Gross Revenue.

- **UFC GYM (Core)** – 5% of Gross Revenue.

- **UFC GYM (Signature)** or **UFC FIT** – 4% of Gross Revenue.

(c) **Marketing Contributions to Marketing Fund**. You will pay a continuing non-refundable Marketing Contribution during the Term equal to Two Percent (2.0%) of Gross Revenues. We have the sole right to institute and enforce your obligations and those of all other franchisees that are required to make Marketing Contributions to the Marketing Fund and/or Regional Cooperative. Neither you, nor any other franchisee obligated to make Marketing Contributions, is a third-party beneficiary of the Marketing Contributions or has any right to enforce any other franchisee's obligation to contribute its Marketing Contribution.

(d) **Music Licensing Fee.** You will pay a monthly music licensing fee to a third party we designate (or us) (the "**Music License Fee**") to purchase music licenses from all required agencies on your behalf. You agree that the monthly Music License Fee will either be, at our election (i) deducted monthly through the then current Payment System as provided in Section 3.3 or (ii) if applicable, paid directly by you to the third party service provider. Franchisor reserves the right to change the amount of the Music License Fee and the payment frequency at its discretion. Any failure to maintain music licenses or pay the Music License Fee when due shall be deemed a material breach of this Agreement. For the avoidance of doubt, the Gym is required to play music during times when customers are at the Gym.

Section 3.2 PAYMENT SCHEDULE

The Royalty Fee, Marketing Contributions and all other fees due from Franchisee to Franchisor will be automatically debited from your gym management and point-of-sale operating account administered by our designated supplier of gym management and point-of-sale services on a daily basis throughout the Term in the case of UFC GYM (Core), UFC GYM (Signature) and UFC FIT models and on a monthly basis throughout the Term in the case of Class by UFC GYM and UFC GYM Jiu Jitsu models, or at such other times as we determine from time-to-time. All other amounts due to us from you, including but not limited to your Music License Fee as provided in Section 3.1 above (if payable to us) and the University fee, will be paid as specified in this Agreement or the Operations Manual. If no time is specified, these amounts are due upon receipt of an invoice from us and you authorize us to debit any amount due from your account on the due date. Any payment or report not actually received by us on or before the due date is overdue.

Section 3.3 PAYMENT SYSTEM

(a) Payments by you to us or our Affiliates under Sections 2.11(a), 3.1, Article 7, or as agreed upon by you and us will be effectuated by a Payment System by the use of pre-authorized transfers from your operating account through the use of special checks or electronic fund transfers, that we will process at the time any payment is due or through the use of any other payment system we designate. You will cooperate with us to implement the Payment System within 15 days before the Opening Date. You agree to cooperate with us in maintaining the efficient operation of the Payment System, including your deposit of all Gross Revenues you receive in your operating account accessed by the Payment System within one (1) Business Day of receipt.

(b) You will give your financial institution instructions in a form we provide or approve and will obtain the financial institution's agreement to follow these instructions. You will provide us with copies of these instructions and agreement. The financial institution's agreement may not be withdrawn or modified without our written approval and approval is within our sole discretion. You will also sign all other forms for funds transfer as the financial institution or we may request.

(c) We may require your financial institution to send a monthly statement of all activity in the designated account to us at the same time as it sends these statements to you, and any other reports of the activity in the operating account as we reasonably determine and request.

(d) If you maintain any other bank accounts for the GYM, you must identify these accounts to us and provide to us copies of the monthly statements for all these accounts and the details of all deposits and withdrawals to them.

(e) You will pay all charges imposed by your financial institution. We will pay the charges imposed by our financial institution for use of the Payment System.

(f) You agree that your obligations to make payments under this Agreement and any other agreement entered into with us or our Affiliates for the GYM, and our rights and those of our Affiliates, if any, to receive these payments, are absolute and unconditional, and are not subject to any abatement, reduction, setoff, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims that you have or may have against us, any of our Affiliates, any of our Designees, or against any other person for any reason.

Section 3.4 INTEREST ON LATE PAYMENTS; LATE CHARGE

Although each failure to pay monies when due is an Event of Default, to encourage prompt payment and to cover the costs involved in processing late payments, if any payment under this Agreement or any other agreement between us or our Affiliates and you for the GYM is overdue for any reason, you must pay to us, on demand, in addition to the overdue amount, any insufficient funds (NSF) charges we incur and interest on the overdue amount from the date it was due until paid equal to the lesser of: (i) eighteen percent (18%) per annum; or (ii) the maximum rate of interest permitted by law. You must also pay a late charge of Two Hundred Fifty Dollars ($250) for each payment that is overdue.

Section 3.5 APPLICATION OF PAYMENTS

We have sole discretion to apply any payments you make to your past due indebtedness including the Royalty Fee, Marketing Contributions, purchases from us or our Affiliates, interest, insufficient funds (NSF) charges, or any other indebtedness of you to us or our Affiliates in any manner we choose regardless of your designation.

Section 3.6 NO WITHHOLDING

You agree that under no circumstances will you withhold or suspend payment of, or reduce the amount of the Royalty Fee and Marketing Contribution, payable under this Agreement. Notwithstanding the foregoing, if you dispute in good faith the amount of an individual payment due under this Agreement, you may pay only the amount you believe is due, provided that you give us prompt notice of the reasons you dispute the amount of the payment and proceed to make good faith efforts to resolve the dispute.

ARTICLE 4- YOUR DUTIES

Section 4.1 ACQUISITION OF THE SITE

(a) **Site Approval**. You are solely responsible for selecting the site in the Search Area. You agree to send us a description of the proposed site, including a summary of the demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; other

commercial characteristics; and the proposed site's size, appearance, and other physical characteristics, along with a letter of intent and a draft of the lease agreement confirming your favorable prospects for obtaining the proposed site. Your proposed site, which must meet our then current site selection criteria for UFC GYM facilities, must be available for lease or purchase in time for you to develop and open the GYM at that site on or before the "**Opening Deadline."** If the GYM is open and operating on the date you execute this Agreement, the Opening Deadline is the Agreement Date, otherwise the Opening Deadline is twelve (12) months after the Agreement Date. We will provide you written notice of approval or disapproval of the proposed site and corresponding Designated Territory. Final site approval is contingent upon our mutual agreement regarding the Designated Territory assigned to the proposed site. Our approval or non-approval of a site and Designated Territory will be based on potential customer base, the rental costs, competition, traffic patterns, population density and composition, visibility, proximity to other UFC Gym locations and other business factors of the site. You acknowledge that any site selection assistance or approval provided by us shall not be construed or interpreted as a guarantee of success for said location nor shall any location recommendation or approval made by us be deemed a representation that any particular location is available for use as a UFC Gym franchise premises.

(b) **Lease of the Site**. Upon receipt of written approval of the location of the UFC Gym Franchise Location, you shall, subject to the prior approval of terms by us, execute a lease or a binding agreement to purchase the site within nine (9) months of executing this Agreement. We may, at our sole discretion, extend this time period in writing upon written request from you. In any event, we have the right to review, evaluate and approve your proposed lease for the Approved Location ("**Lease**") prior to execution. Our approval of the Lease shall be conditioned upon inclusion of the lease terms acceptable to us, and at our option, the Lease shall contain the provision contained in the Lease Addendum attached hereto as **Exhibit 2.** You must deliver a copy of the proposed final Lease to us at least fifteen (15) days before it is to be signed by you. You must deliver a fully executed copy of the Lease to us within ten (10) business days after your receipt. If within nine (9) months after the Agreement Date, you fail to execute a Lease, we may terminate this Agreement and the Initial Fee will remain nonrefundable.

Section 4.2 CONSTRUCTION PLANS AND PERMITS

For the construction of your Premises, you will do the following:

(a) You must employ a qualified architect or engineer with adequate errors and omissions insurance to prepare a site plan and plans and specifications adapting our standard plans and specifications to your approved location and to Applicable Laws, lease requirements and restrictions, and market conditions. The architect or engineer must be especially mindful of all zoning, signage, seating capacity, parking requirements and storage requirements. Any material modification to the standard plans and specifications must be sealed and stamped by the architect or engineer and approved by us. The modified plans and approvals, once approved by us, will not be materially changed or modified without our written approval;

(b) You will employ professional supervision satisfactory to us over preparation of the site layout and plan and over construction of your Premises;

(c) You must obtain all permits and certifications required for the lawful construction and operation of the GYM, together with certifications from all Governmental Authorities having jurisdiction over your Premises and the GYM. You must provide us with evidence that all necessary permits have been obtained and that all requirements for construction and operation have been met, including zoning, access, sign, fire, health, environmental and safety requirements; and

(d) Any changes from plans provided by us must be submitted to us for our consent, which may be provided in our business judgment. Your compliance with the plans we provide you does not release you from your obligations to ensure that the GYM location is designed, constructed and operated in compliance with all

local, state, and federal laws, including (without limitation) the Americans with Disabilities Act ("**ADA**"). You agree to execute and deliver to us an executed ADA Certification before you open the GYM location, to confirm and certify that the GYM location and any proposed renovations comply with the ADA and other requirements.

Section 4.3 DEVELOPING AND CONSTRUCTING GYM

(a) **Construction Requirements.** You must begin construction within sixty (60) days after possession of the site is obtained and provide written notice to us of the date construction of the GYM is completed. You will construct the Premises in accordance with the approved plans described in Section 4.2 and the Design Specifications. You must maintain continuous construction of the Premises and must complete construction, including all exterior and interior carpentry, electrical, painting and finishing work and installation of all with the approved fixtures, equipment and signs, in accordance with the site plans and Design Specifications, at your expense by the Opening Deadline. If you fail to complete construction timely, and do not receive a waiver from us, you are in material default of this Agreement and we have the right to terminate this Agreement. You agree that our representatives and we have the right to inspect the construction at all reasonable times. You will within five (5) days after completion of construction obtain a certificate of occupancy, and after obtaining our approval for opening, open the GYM within ten (10) days after the date of the certificate of occupancy. You and we agree that time is of the essence in constructing and opening the GYM.

(b) **Equipping the GYM.** We will provide you mandatory and suggested specifications and layouts for a UFC GYM, which might include recommendations and/or requirements for dimensions, design, image, interior layout, décor Operating Assets and color scheme. "**Operating Assets"** means all required furniture, computer equipment (including hardware, software and connectivity components and Gym Management System components), exercise equipment, lighting components, other equipment, furnishings and signs that we periodically require of the GYM. The GYM must contain all of the Operating Assets, and only the Operating Assets, that we periodically specify. The GYM must offer all amenities and services that we specify as mandatory and may not offer any amenities or services that we have not authorized. We will provide you with two (2) CAD drawings ("**CAD Package**") with the mandatory and/or suggested layout of your GYM. If you require additional CAD drawings, you must pay us $250 for each additional CAD Package if we allow you to reconfigure your GYM, which is in our sole discretion. At our option, you must use only the architect and other contractors that we designate or approve to develop the GYM.

Section 4.4 OPENING

(a) **Pre-Sale Memberships.** You may make and we encourage you to make pre-sales of memberships if permitted and in accordance with applicable law. However, you may not offer or sell GYM memberships unless (1) we have authorized you in writing to presell memberships to the public; (2) we have approved the location and facilities from which you will presell memberships; (3) either you (or our Managing Owner) or your General Manager has completed the Initial Training under Section 2.7 of this Agreement to our reasonable satisfaction; and (4) you have secured all financing and permits necessary to develop, build and fully equip the GYM. You certify that you have obtained, or agree that you will obtain before preselling or selling any memberships, all necessary bonds and otherwise have complied, and will comply, with all applicable laws relating to your presale and sale of memberships. You also represent and warrant that such membership agreements have been reviewed by your attorney. You must establish any required escrow accounts with escrow agents acceptable to us. Upon disbursement of funds from the escrow account all fees due to us shall be paid.

(b) **GYM OPENING.** You must open the GYM for member workouts in compliance with this Agreement on or before the Opening Deadline. If you want to request an extension of the Opening Deadline, you must send us a written request at least fifteen (15) days before the Opening Deadline. If we approve the extension, we will set a new Opening Deadline and you must pay us an extension fee equal to One Thousand Five Hundred Dollars ($1,500) for each month (or portion of a month) for which the Opening Deadline is extended. You agree

not to open the GYM for business until: (a) all your obligations under Sections 4.1 through 4.3 have been fulfilled; (b) we determine that the GYM has been constructed, furnished, equipped, and decorated in accordance with approved plans and specifications; (c) the Trainees have completed the Initial Training under Section 2.7 of this Agreement to our reasonable satisfaction; (d) the Initial Fee and all amounts due to us and our Affiliates under this Agreement have been paid in full; (e) we have been furnished with certificates of insurance and copies of all insurance policies or all other evidence of insurance coverage as we reasonably request; (f) you have obtained a certificate of occupancy for your Premises; (g) you have obtained all necessary licenses and permits to operate the GYM; and (h) if we (at our sole option) require, we have conducted a pre-opening inspection and certify the GYM for opening. Final approval by us of the opening of the GYM will be given in writing. You agree to comply with these conditions and open the GYM for business by the Opening Deadline. If the GYM does not begin operations by the Opening Deadline and we do not grant you an extension, we may, at our sole discretion, elect to terminate the Franchise Agreement.

Section 4.5 USE OF THE PREMISES

You must use your Premises only for the operation of the GYM. You must keep the GYM open for business and in normal operation for the minimum hours and days as we reasonably require in the Manuals or otherwise in writing except as may be limited by local law or the landlord's rules and regulations.

Section 4.6 MAINTENANCE AND REPAIRS

You must maintain the GYM in the highest and most uniform degree of sanitation, repair, appearance, condition, safety and security as stated in the Manuals and as a modern, clean, adequately lighted and efficiently operated UFC GYM Business providing high quality products and services with efficient, courteous and friendly customer service as we require. If at any time in our judgment the general state of repair or the appearance of the premises of the Gym or its equipment, fixtures, signs or decor does not meet our quality control and standards, we shall so notify you, specifying the action to be taken by you to correct such deficiency. If you fail or refuse to initiate a bona fide program to complete any required maintenance within thirty (30) days after receipt of such notice, we shall have the right, but not the obligation, in addition to all other remedies, to enter upon the premises of the Gym and effect such repairs, painting, maintenance or replacements of equipment, fixtures or signs on your behalf and you shall pay the entire costs thereof on demand. Your obligation to initiate and continue any required maintenance shall be suspended during any period in which such maintenance is impractical due to force majeure.

You must maintain contracts with reputable firms for the maintenance of the Premises and the machinery and equipment and, if we determine to be appropriate or necessary, for the landscaped areas of the Premises. Contracts for maintenance of the Premises and the machinery and equipment must provide for the performance of services, including preventative maintenance services, and be with financially responsible firms, that: (i) maintain adequate insurance and bonding; (ii) have personnel who are factory trained to service equipment of the type in the Premises; and (iii) maintain an adequate supply of parts for the machinery, equipment and tools. Contracts for landscape maintenance must be with financially responsible firms. You will provide us, upon our request, with a copy of any contract for maintenance that you enter into with any outside maintenance firm. If you fail to keep these contracts in full effect, we may do so at your expense.

Section 4.7 OPERATIONAL REQUIREMENTS

You agree to:

(a) Operate the GYM in conformity with all uniform methods, standards and specifications required in the Manuals or otherwise, as may be changed from time to time, to ensure that the highest degree of quality and service is uniformly maintained;

(b) Comply with the Trademark Usage Guidelines prescribed by Zuffa (defined below) from time to time governing the depiction and presentation of the Trademarks;

(c) Comply with the procedures and systems we reasonably institute for UFC GYM Businesses (including the GYM) both now and in the future, including those on sales, good business practices, advertising and other obligations and restrictions;

(d) Maintain in sufficient supply (as we may reasonably prescribe in the Manuals or otherwise in writing) and use at all times, only inventory, equipment, materials, advertising methods and formats, and supplies that conform with our standards and specifications, if any, at all times sufficient to meet the anticipated volume of business, as determined by us, in our sole discretion, and to refrain from deviating from these requirements without our written consent;

(e) Adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct in all dealings with customers, suppliers, employees, independent contractors, us and the public;

(f) Sell or offer for sale only the products and services that (A) meet our uniform standards of quality and quantity, (B) have been expressly approved for sale in the Manuals or otherwise in writing by us, and (C) in the case of retail items, only to retail customers at the GYM and not for resale elsewhere. For the avoidance of doubt, you shall not sell any items for redistribution or resale; you shall refrain from any deviation from our standards and specifications for providing or selling the products and services without our written consent; and you shall discontinue selling or offering for sale any products and services that we reasonably disapprove on a System-wide basis in writing at any time;

(g) Comply with all warranty policies and procedures we require in the Manuals or otherwise under authorized warranties on UFC GYM Products;

(h) Purchase and install, at your expense, all fixtures, furnishings, retail wrap station, audio and video integrated camera system, interior wall mirrors, TV and audio equipment, signs, automated external defibrillator machine where required by law, and equipment we reasonably specify. The equipment must be maintained in a condition that meets the operational standards specified in the Manuals. As equipment becomes obsolete or inoperable, you will replace the equipment with equipment that is then approved for use in the GYM. If we determine that additional or replacement equipment is needed for the GYM because of a change in décor, method of fitness training, a change in technology, customer concerns or health or safety considerations, you will install the additional equipment or replacement equipment at the GYM within the time we specify, subject to the Capital Expenditure Limitation in Section 4.20;

(i) Purchase and maintain only approved EFT, billing and collection systems, and Web-based membership management software programs from our approved suppliers and/or vendors (these approved suppliers and vendors are outlined in the Manuals);

(j) Comply with our policies regarding the use of social media and online promotions in connection with your operation of the GYM, including prohibitions on online promotional strategies that do not comply with our online and social media policies and prohibitions on your and the GYM personnel's and temporary employees' posting or blogging comments about the GYM, UFC GYM Businesses or the System other than on an authorized Website ("social media" includes personal blogs, common social networks like Facebook and Instagram, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video- sharing sites, and other similar social networking or media sites or tools); and

(k) Participate in and comply with all requirements for member/customer loyalty programs, reciprocity programs, membership transfer policies and programs, and similar programs for members of UFC GYM Businesses, including, without limitation, the terms and conditions we periodically specify for (i) providing members of other UFC GYM Businesses with access to the GYM; (ii) honoring memberships covering some or all UFC GYM Businesses and providing those members with access to the GYM; (iii) accepting memberships that we or our Affiliates process or assist in processing for the GYM, including, without limitation, paying us and our Affiliates reasonable fees for online membership applications that we process and other assistance we and they provide with respect to the GYM's memberships; and (iv) bear, along with the other UFC Gym Businesses, the costs and expenses associated with participating in any of these programs.

Section 4.8 HIRING, TRAINING AND APPEARANCE OF EMPLOYEES

(a) Staff. You will maintain a competent, conscientious staff and employ the number of employees and independent contractors, necessary to meet the anticipated volume of business and to achieve the goals of the System. You will take all steps necessary to ensure that your employees and independent contractors meet the employment criteria and skill levels for General Manager, Class Instructor and Private Coach positions and keep a neat appearance and comply with any UFC GYM dress code we require. Initial Training will be provided for one (1) General Manager and three (3) Instructors.

(b) Instructor/Private Coach Certification**.** All UFC GYM personnel who provide personal fitness instruction, teach any form of exercise or provide any kind of fitness or nutrition instruction or counseling must complete and pass the training curriculum provided by us either at our principal training facility in Newport Beach, California or from one of our trainers or representatives at your location. Beyond our initial training program, you must pay our then-current training fees and expenses (including CPR certification expenses) for all training we conduct for you. We reserve the right to develop certification programs for the Gym personnel who provide fitness instruction or counseling. To the extent that a certification program has been implemented for a particular employment position, the employee must be certified and be in full compliance with all certification requirements at the time employee begins providing services to members. We may charge, and you agree to pay a fee for providing certification-related courses and services.

(c) Management of Employees. You are solely responsible for the terms of your staff's employment and compensation and, except for training required under this Agreement, for the proper training of the employees in the operation of the GYM. Notwithstanding certain recommendations in the Manuals, you are solely responsible for all employment decisions and functions, including hiring, firing, establishing wage and hour requirements, disciplining, supervising and record keeping. You will not recruit or hire any employee of a UFC GYM Business operated by another UFC GYM franchisee or by us without obtaining the employer's written permission.

Section 4.9 MANAGEMENT OF THE GYM

(a) If this Agreement is signed by 2 or more individuals or by a business entity, you agree to designate in writing one individual as the Managing Owner or designated General Manager upon signing this Agreement. We have the right to rely solely on instructions of the Managing Owner or designated General Manager concerning the operation of the GYM until we receive a duly signed written notice changing the designated Managing Owner.

(b) The Managing Owner or your designated General Manager approved by us must devote his or her best full-time efforts to the management and operation of the GYM. You agree that the GYM requires the day-to-day supervision of the Managing Owner (or your designated General Manager approved by us) at all times the GYM is open for business. The Managing Owner (or your designated General Manager approved by us), and all successive Managing Owners (or designated General Managers approved by us), if any, is required to complete

Initial Training before managing the GYM, unless we otherwise agree to waive such requirement in writing.

(c) If we have permitted the General Manager to be an individual other than the Managing Owner, and the General Manager fails to satisfy his or her obligations provided in Subsection 4.9(b) due to death, disability, termination of employment or for any other reason, the Managing Owner will satisfy these obligations until you designate a new General Manager of the GYM acceptable to us, who has successfully completed Initial Training. You are solely responsible for the expenses associated with Initial Training of subsequent General Managers, including the then-prevailing standard training fee we charge (currently up to $800 per day).

(d) Neither you nor any designated Managing Owner may act in the capacity of General Manager or Class Instructor without our approval. You agree that you will only hire or retain General Managers and Class Instructors that meet the criteria, skill levels, and standards set by us and the system-wide recommendations in the Manuals.

Section 4.10 APPROVED SPECIFICATIONS AND SOURCES OF SUPPLY

(a) **Purchases from Us or Our Affiliates**. You must purchase from our Affiliates or us the UFC GYM Products and other items that we require.

(b) **Authorized Specifications and Suppliers**. You must purchase or lease equipment, supplies, inventory, advertising materials, construction services and other products and services used for the operation of the GYM solely from authorized manufacturers, contractors and other suppliers who, to our continuing reasonable satisfaction, (i) demonstrate the ability to meet our standards and specifications for these items; (ii) possess adequate quality controls and capacity to supply your needs promptly and reliably; and (iii) have been approved in writing by us and not later disapproved. We will use our best reasonable efforts to negotiate agreements with suppliers that, in our good faith belief, are in the best interest of all UFC GYM Businesses. We may designate a single distributor or supplier (collectively "**Supplier**") for any product, service, equipment, supply or material and may approve a Supplier only as to certain products. The designated Supplier may be us or our Affiliate. We may approve a single Supplier for any brand and may approve a Supplier only as to a certain brand or brands. We retain the right to receive compensation from such Suppliers for such negotiation. In approving Suppliers for the System, we may take into consideration factors like the price and quality of the products or services and the Supplier's reliability. We may concentrate purchases with one or more Suppliers to obtain the lowest prices and/or the best advertising support and/or services for any group of UFC GYM Businesses. Approval of a Supplier may be conditioned on requirements on the frequency of delivery, standards of service, warranty policies including prompt attention to complaints, and concentration of purchases, as stated above, and may be temporary, pending our additional evaluation of the Supplier.

(c) **Approval of New Specifications and Suppliers**. If you propose to purchase or lease any equipment, supplies, inventory, advertising materials, construction services or other products or services from an unapproved supplier, you must submit to us a written request for approval, or request the supplier to do so. We will have the right to require, as a condition of our approval that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, at our option, either to us or to an independent, certified laboratory designated by us for testing. We are not liable for damage to any sample that results from the testing process. You will pay a charge not to exceed the reasonable cost of the inspection and the actual cost of the testing. We may also require as a condition to our approval, that the supplier present satisfactory evidence of insurance, for example, product liability insurance, protecting us and our franchisees against all claims from the use of the item within the System. We will notify you of our determination as to suitability within ten (10) days after receipt of all requested information, and completion of inspection and testing. We reserve the right, at our option, to re-inspect the facilities and products of any approved supplier and continue to sample the products at the supplier's expense and to revoke approval upon the supplier's failure to continue to meet our standards and

specifications.

Section 4.11 UFC GYM PRODUCTS

You agree that we have already developed or have distribution rights to the UFC GYM Products and may continue to develop for use in the System certain additional products that are all highly confidential and constitute trade secrets. Due to the importance of quality control and uniformity of these products and the significance of the proprietary products to the System, it is to the mutual benefit of the parties that we closely control the production and distribution of the UFC GYM Products. Accordingly, you will use the UFC GYM Products and will purchase from us, or from an approved source we designate and license, all of your supplies for the UFC GYM Products, all in accordance with our requirements then in effect**. EXCEPT AS WE STATE IN WRITING AND ON PRODUCT LABELS, WE DO NOT MAKE ANY EXPRESS OR IMPLIED WARRANTIES ON THE UFC GYM PRODUCTS, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. OUR EXCLUSIVE LIABILITY FOR ANY UFC GYM PRODUCTS THAT MALFUNCTION THROUGH NO FAULT OF YOUR OWN AND NOT DUE TO WEAR AND TEAR BY YOU IS TO REPAIR OR REPLACE, AT OUR OPTION. UNDER NO CIRCUMSTANCES WILL OUR LIABILITY EXCEED THE DOLLAR AMOUNT OF THE PURCHASE PRICE YOU PAID FOR ANY UFC GYM PRODUCTS. WE WILL NOT BE LIABLE TO ANY PARTY, INCLUDING YOU AND YOUR CUSTOMERS, FOR ANY DAMAGES, DIRECT OR INDIRECT, SPECIAL, GENERAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOSS OF PROFITS OR ANTICIPATED PROFITS AND LOSS OF GOOD WILL, FROM THE USE OF (OR INABILITY TO USE) THE UFC GYM PRODUCTS FOR ANY PURPOSE.**

Section 4.12 SALES OF PRODUCTS AND SERVICES BY YOU TO YOUR AFFILIATES.

All sales of products and services by you to your Affiliates, if any, must be on terms regularly applicable to your non-affiliated customers, and in all cases must be arm's-length.

Section 4.13 TELEPHONES AND ANSWERING SERVICE

You will:

(a) Maintain continuously no less than four (4) operating telephone lines and telephone numbers to be used exclusively for the operation of the GYM as are reasonably required, with sufficient staff to handle telephone calls in an efficient and courteous manner at all times during normal business hours; and

(b) Maintain an answering machine or voice mail service after normal business hours.

Section 4.14 COMPLIANCE WITH LAWS, RULES AND REGULATIONS

You will comply with all federal, state, and local laws, rules and regulations, including without limit all health club specific legislation applicable in your state, and you will timely obtain, maintain and renew when required, all permits, insurance coverage, certificates, licenses or franchises necessary for the proper conduct of the GYM under this Agreement, including qualification to do business, fictitious, trade or assumed name registration, building and construction permits, occupational licenses, sales tax permits, health and sanitation permits and ratings, fire clearances and environmental permits.

Section 4.15 TAX PAYMENTS; CONTESTED ASSESSMENTS

You will promptly pay when due all taxes required by any federal, state or local tax authority including unemployment taxes, withholding taxes, sales taxes, use taxes, income taxes, tangible commercial personal

property taxes, real estate taxes, intangible taxes and all other indebtedness you incur in the conduct of the GYM. You will pay to us an amount equal to any sales tax, goods and services taxes, gross receipts tax, or similar tax imposed on us for any payments to us required under this Agreement, unless the tax is measured by or involves our net income or our corporate status in a state. If we pay any tax for you, you will promptly reimburse us the amount paid. If there is any bona fide dispute as to liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or Applicable Law. However, you will not permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the Premises or any assets used in the GYM.

Section 4.16 CUSTOMER SURVEYS; CUSTOMER LIST

You will present to customers, which includes all prospects and members, any evaluation forms we require and will participate and/or request your customers to participate in any marketing surveys performed by or for us. You will maintain a current customer list containing each customer's name, address, telephone number, zip code and email address, and supply an updated copy of the list to us on a quarterly basis, upon request. You must participate in any process we develop to record and maintain all customer information. You must follow any and all privacy protection laws with regards to that information. During the term of this Agreement, and following termination or non-renewal of the franchise relationship, we retain a copy of your customer list and may use it in our sole and absolute discretion, including but limited to using the customer list to promote the sale of UFC GYM merchandise and products.

Section 4.17 INSPECTIONS

You will permit us and/or our representatives to enter your Premises or office at any time during normal business hours upon reasonable notice or no notice at all, for purposes of conducting inspections. The inspections will be performed in a manner that minimizes interference with the operation of the GYM. You will cooperate fully with us and/or our representatives in inspections by rendering assistance as they may reasonably request and by permitting them, at their option, to observe how you are selling the products and rendering the services, to monitor sales volume, to conduct a physical inventory, to confer with your employees and customers and to remove samples of any products, supplies and materials in amounts reasonably necessary to return to our office for inspection and record-keeping. We and/or you may videotape the inspections. Upon notice from us, and without limiting our other rights under this Agreement, you will take all steps necessary to correct, immediately, any deficiencies detected during inspections, including immediately stopping use of any equipment, advertising, materials, products, supplies or other items that do not conform to our then current requirements. If you fail or refuse to correct any deficiency, we have the right, without any claim to the contrary by you, to enter your Premises or office without being guilty of trespass or any other tort, for the purposes of making or causing to be made all corrections as required, at your expense, payable by you upon demand.

Section 4.18 NOTICES TO US

(a) You must notify us in writing and supply us copies of all relevant documents within five (5) days of any of the following events:
    i. You become aware of any action, suit, administrative proceeding or other action or proceeding against you, or any of your employees that may have a material adverse effect on the GYM or the System;
    ii. You receive any communication by any governmental entity relating to the conduct of the GYM that indicates your material non-compliance with any Applicable Law, rule or regulation; or
    iii. You receive notice of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality against you or any of your employees that may have a material adverse effect on the GYM or the System.

(b) You will provide us with any information we request, within five (5) days of request, about the progress

and outcome of these events.

Section 4.19 OPERATIONAL SUGGESTIONS

You are encouraged to submit suggestions in writing to us for improving elements of the System, including products, services, equipment, service format, advertising and any other relevant matters, so that we may consider adopting or modifying standards, specifications and procedures for the System. You agree that any UFC Gym Products we create or utilize, or other changes we make based on or which reflect your suggestions, will continue to be owned by us without limitation, and that we have no obligation to use any suggestions. You may not alter the System or any UFC Gym Products in any manner that may make them inconsistent with our System or your obligations under this Agreement without our written consent.

Section 4.20 RENOVATION AND UPGRADING

You will abide by our requirements for alterations, remodeling, upgrading (including, but not limited to, interior and exterior graphics) or any other improvements to the GYM to achieve the strategic marketing goals of the System. Generally, the standards to comply satisfactorily will not exceed those applicable to new UFC GYM Businesses. These requirements will not impose an undue economic burden or occur more frequently than every 2 years. You will bear the entire cost of changes or additions, for any changes in, or additions of, equipment, furnishings, fixtures, lighting, carpeting, painting or the taking of other actions we specify to satisfy our then current standards for image, positioning, marketing strategy, cleanliness or appearance but not to exceed total capital expenditures of Fifty Thousand Dollars ($50,000) every 2 years (the "**Capital Expenditure Limitation**") without your consent. In addition, at least every five (5) years you will be required to replace and/or upgrade your equipment at the UFC GYM Business. Such replacement costs shall be borne entirely by you.

Section 4.21 FINANCIAL COVENANTS

During the Term, you must always maintain a net worth of the following for your specific UFC GYM business:

i. **UFC GYM Jiu Jitsu** - $300,000
ii. **Class by UFC GYM** - $300,000
iii. **UFC GYM (Core)** - $1,000,000
iv. **UFC GYM (Signature)** or **UFC FIT** - $1,500,000

Section 4.22 PUBLICITY

You grant us the right to freely use, without your consent, any pictures, financial information, or biographical material relating to you or the GYM in our promotional literature or in any other way beneficial to the UFC GYM organization as a whole. You will cooperate in securing photographs, including obtaining consents from any persons appearing in photographs. If we publish anything you feel reflects unfairly or inaccurately on the GYM or yourself, we will take all reasonable steps in our power to retract the material.

Section 4.23 MINIMUM PERFORMANCE STANDARD

The grant of your Designated Territory is expressly conditioned upon your successful penetration of the market in the Designated Territory. You agree to promote actively and aggressively the products and services of the GYM within the Designated Territory. You must maintain minimum Gross Revenues every calendar year during the Term of at least 80% of the "designated average" of Gross Revenues of all similar UFC GYM Businesses, including the GYM, except during the first twelve (12) months of the Term, when no performance standard is in effect. The "designated average" is the average Gross Revenues of all UFC GYM Businesses that have been in operation for at least one full calendar year. Your failure to maintain the minimum performance

standard is a material breach of this Agreement. THIS MINIMUM PERFORMANCE STANDARD DOES NOT INFER THAT YOU WILL EXPERIENCE GROSS REVENUES OF ANY PARTICULAR LEVEL.

ARTICLE 5- INTELLECTUAL PROPERTY

Section 5.1 OWNERSHIP; NO ASSIGNMENT BY ZUFFA OR US

(a) Zuffa, LLC and/or its subsidiaries and Affiliates (collectively, "**Zuffa**") has licensed the Trademarks to us to use in connection with the franchising, development, and operation of UFC GYM Businesses under the License Agreement. Your right to use the Trademarks is derived only from this Agreement and is limited to your operating the GYM according to this Agreement and all System requirements we prescribe during its Term. Your unauthorized use of the Trademarks is a breach of this Agreement and infringes our and Zuffa's rights in the Trademarks.

(b) You acknowledge and agree that your use of the Intellectual Property and any goodwill established by that use are exclusively for our and Zuffa's benefit and that this Agreement does not confer any goodwill or other interests in the Intellectual Property upon you (other than the right to operate the GYM under this Agreement). All provisions of this Agreement relating to the Trademarks apply to any additional proprietary trade and service marks we authorize you to use.

(c) You hereby acknowledge and agree that (a) you shall have no right, title or interest in or to the Intellectual Property; (b) nothing in this Agreement shall be construed as an assignment to you of any right, title or interest in or to the Intellectual Property; (c) except as expressly set forth herein, all right, title and interest relating to the Intellectual Property are expressly reserved by Zuffa and us; and (d) you shall not acquire any right in or to any of the Intellectual Property, or in any goodwill generated thereby, by virtue of any use of the Intellectual Property.

(d) To the extent that you are deemed to have, retain or otherwise possess any right, title and/or interest in and to all or any portion of the Intellectual Property, you agree to, and hereby do irrevocably assign, transfer and convey same to us (and Zuffa, with respect to the Trademarks), including, without limitation, any trademark, copyright and any other intellectual property or proprietary rights, in and to the Intellectual Property and without any restrictions, limitations or reservations, world-wide and royalty-free, upon the effective date of creation thereof, including, without limitation, any past, present or future goodwill arising from the use thereof, any right, title or interest in and to all or any portion of the Intellectual Property, which may have been obtained by you or inured to your benefit, or which may have allegedly vested in you as a result of the exercise of any rights or licenses under this Agreement, and all federal, state and common law rights therein; said rights, title and interest to be held and enjoyed by us (and Zuffa, with respect to the Trademarks) and our (and Zuffa's, with respect to the Trademarks) own use and benefit as fully and entirely as the same would have been held and enjoyed by you if such assignment, transfer and conveyance had not been made. You shall execute any and all instruments reasonably requested by Zuffa or us to accomplish or confirm the foregoing. Any such assignment, transfer or conveyance shall be without any further consideration other than the mutual covenants and considerations of this Agreement.

Section 5.2 YOUR USE OF THE INTELLECTUAL PROPERTY

You may use the Intellectual Property only in accordance with standards and specifications we reasonably determine and implement on a System-wide basis. You agree that:

(a) You will use the Intellectual Property only for the operation of the GYM at the Premises;

(b) You agree not to employ any of the Intellectual Property in signing any contract, check, purchase agreement, negotiable instrument or legal obligation, application for any license or permit, or in a manner that may result in liability to us for any indebtedness or obligation of yours;

(c) You will use the Trademarks as the sole service mark identifications for the GYM and will display prominently the Trademarks on and/or with all materials we designate and authorize, and in the manner, we require;

(d) You will not use any of the Intellectual Property or Licensed Rights as security for any obligation or indebtedness;

(e) You will comply with our requirements in filing and maintaining any required fictitious, trade or assumed name registrations for the "**UFC GYM®**" or other authorized trade name, and will sign all documents we or our legal counsel deem reasonably necessary to obtain protection for the Trademarks and our interest in the Trademarks. For example, if you use John Jones d/b/a "**UFC GYM**" or ABC Athletic Club, Inc. d/b/a "**UFC GYM**", you will comply with our requirements for registering such fictitious name in any applicable jurisdiction;

(f) You will maintain a suitable sign or graphics package at, or near the front of the Premises, and on any pylon sign, building directory or other area identifying the Premises only as "**UFC GYM**" or other authorized marks. The signage must conform in all respects to our requirements except to the extent prohibited by local governmental restrictions or landlord regulations;

(g) All materials including membership forms, order books, plastic or paper products and other supplies and promotional materials used in the System will bear our Intellectual Property and the register symbol "®," as required by us;

(h) Without our prior written approval, you will not use any of the Trademarks as part of any e-mail address, Website, domain name or any other electronic media (including use with any prefix, suffix or other modifying words, term designs, or symbols), or in any other manner connected with a Website, advertisements on a Website, or other similar electronic media;

(i) You will not use the Trademarks with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you);

(j) You will not use the Trademarks in advertising the transfer, sale, or other disposition of the GYM or an ownership interest in you without our prior written consent;

(k) You will cause to appear conspicuously and legibly on all Materials appropriate notices of trademark and copyright rights with regard to each use of Trademarks, as may be reasonably requested by us or otherwise required by Applicable Law;

(l) You will not sublicense the Intellectual Property to any third parties under any circumstances;

(m) You will not, during the Term and thereafter: (i) seek to register, register, or cause or permit any other person to seek to register or register, any of the Intellectual Property or any depictions or variations of the foregoing in any jurisdiction anywhere in the world, including, without limitation, any trademark, trade name, trade dress, or other designation likely to be confused with, or to dilute the distinctiveness of, any of the Trademarks; (ii) challenge, or cause or permit any other person to challenge, the right, title, or interest of us, Zuffa or our Affiliates in or to the Trademarks or any other of our or our Affiliates' Intellectual Property; (iii) use any Intellectual Property other than as permitted hereunder nor use any of Zuffa's other intellectual property other

than the Trademarks; or (iv) represent that you have any right, title or interest in or to any Trademark other than as expressly granted in this Agreement;

(n) You will not (nor will you have the right to) use, or cause or permit any other person to use, any of the Trademarks in a manner which is likely to damage or impair the goodwill associated with any of the Trademarks;

(o) You will not (nor will you have the right to) grant to any other person the right to use, reproduce, reference or exploit any Trademarks in any manner whatsoever, without our prior written consent, which may be withheld in our sole and absolute discretion;

(p) You will comply in all material respects with: (i) all Trademark Usage Guidelines governing the depiction and presentation of the Trademarks; and (ii) all Applicable Laws in connection with its use of the Trademarks;

(q) You will ensure that the implementation of the System and the nature and quality and the Materials, including, without limitation, any advertising, marketing, or promotional materials bearing or referencing the Trademarks (in whole or part) shall meet all Quality Standards;

(r) You will not use any Trademark as a key word, metatag, phantom mark, URL, root address, or any other similar use without our prior written approval, which approval may be conditioned upon, among other things, assignment to us of any intellectual property or other rights resulting from such use;

(s) You will not, unless explicitly approved in writing by us in our sole discretion, adopt or use all or any part of any Trademarks or any trademark, word or words likely to be confused therewith in your entity name, or in any trade name;

(t) You will exercise caution when using the Intellectual Property to ensure that the Intellectual Property is not jeopardized in any manner; and

(u) You will immediately cease the use of the Trademarks if directed by us to do so, in our sole discretion.

Section 5.3 COMPETITIVE BUSINESSES

During the Term and notwithstanding any other provision of this Agreement, you will not, without the prior express written approval from us, which approval shall be within our sole discretion: (a) hold or allow any events to be held at the GYM sponsored by or associated with any Competitive Business, (b) enter into any agreements or other arrangements with any Competitive Business including but not limited to those listed in Exhibit 4, or (c) sell, brand, theme or otherwise use or display the intellectual property rights or products of any Competitive Business, including, but not limited to, those listed in Exhibit 4 at the GYM or related facilities or Website. You agree and acknowledge that those businesses listed in Exhibit 4 are Competitive Businesses and that the restrictions set forth in in this agreement are reasonable.

Section 5.4 DOMAIN NAMES/SOCIAL MEDIA PLATFORMS

During the Term, any request by or on behalf of you to register a domain name or social media handle incorporating any Trademarks or any variation of same shall be subject to prior written approval by us, and shall be owned exclusively by us, both as universal resource locators (URLs) and trademarks. Such use shall at all times be consistent with the rights granted to you in respect of the Trademarks and be subject to, and in accordance with,

all other terms and conditions set forth in this Agreement. Any such domain name or social media handle shall automatically be collectively referred to as a "**UFC GYM Domain Name**" for the purposes of this Agreement. All costs associated with registration and maintenance of the UFC GYM Domain Name shall be your sole responsibility. Upon any termination or expiration of this Agreement, you shall cease using the UFC GYM Domain Name and, promptly thereafter, (a) shall cause yourself and/or your related persons to be removed as an administrative and/or technical contact on the records of the applicable domain name registrar, (b) abandon all rights in and relinquish any and all UFC GYM Domain Names, and (c) if so requested by us, transfer the UFC GYM Domain Name to us immediately.

Section 5.5 INDIVIDUALS

You expressly acknowledge that the Licensed Rights do not convey any rights with respect to any UFC Participants, whose rights are not controlled by us. You will not use the names, images or likenesses, intellectual property or other proprietary right of such UFC Participants without first consulting with us and thereafter obtaining express written permission directly from such UFC Participants. Any infringement or other violation of such rights of UFC Participants by you and any claims, damages, settlement amounts, judgment amounts, losses, expenses, interest, penalties, reasonable legal fees and disbursements (including attorneys' fees and costs for investigators, expert witnesses and other litigation advisors) arising therefrom shall be your responsibility and shall trigger your obligation to indemnify, defend and hold us harmless, as set forth in Section 14.2 below.

Section 5.6 NO ATTACK

You acknowledge and agree that: (a) the Trademarks belong exclusively to Zuffa; (b) you shall not at any time, either during the Term or at any time thereafter, do or cause or assist to be done any act or thing to dispute, contest, attack, impair or tend to impair, Zuffa's right, title and interest in and to the Trademarks; and (c) you shall not at any time, either during the Term or at any time thereafter, directly or indirectly, dispute, contest, attack, impair or tend to impair the validity of any application, registration or renewal of the Trademarks or the title thereto, or assist any other person in disputing, contesting, attacking, impairing or tending to impair the same, or obtain or apply to obtain, or to prevent Zuffa or us from obtaining, a registration for any of the Trademarks.

Section 5.7 RIGHT TO ENFORCE AND DEFEND

(a) You shall promptly notify us, within seven (7) days in writing, of (i) any alleged, actual or threatened infringing, diluting, unauthorized and/or illegal uses of any of the Intellectual Property, and (ii) any claims asserted against you with respect to the use of the Intellectual Property of which you become aware. You will not communicate with anyone except us (and Zuffa, with respect to the Trademarks) and our counsel on any infringement challenge or claim except under judicial process. We shall have the exclusive right (but not the obligation), at our expense, to defend or settle any such legal action we deem material, in our reasonable discretion (and with approval of Zuffa, with respect to the Trademarks), or to otherwise protect our interests in the Intellectual Property (or Zuffa's interests in the infringed Trademarks), in any manner and on any terms, we shall deem appropriate.

(b) You shall cooperate with, and shall use commercially reasonable efforts to assist, Zuffa and/or us in connection with any proceeding to defend, protect or enforce the Trademarks and/or Intellectual Property, including but not limited to executing pleadings or other documents, providing documents or information, giving and executing declarations or affidavits, and testifying at deposition or in court.

Section 5.8 YOUR INDEMNIFICATION

We indemnify you against and will reimburse you for all damages you are held liable for in any proceeding from your use of any Intellectual Property in accordance with this Agreement, but only if you: (a) have timely

notified us of the claim or proceeding in accordance with Section 5.7; (b) are in compliance with this Agreement; (c) allow us sole control of the defense and settlement of the action in accordance with Section 5.7; and (d) cooperate fully with us and our counsel in the defense of the action.

Section 5.9 OUR RIGHT TO MODIFY THE TRADEMARKS

(a) If it becomes advisable at any time for us and/or you to modify, substitute, or discontinue using the Trademarks and/or to use one (1) or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time (not to exceed thirty (30) days) after receiving notice. We will only be liable to reimburse you for your reasonable direct printing and signage expenses in modifying or discontinuing the use of the Trademarks and substituting different Trademarks. Franchisee waives any claim arising from or relating to any change, modification or substitution of the Trademarks. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any such addition, modification, substitution or discontinuation, except as provided herein. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

(b) Our rights in this Section 5.9 apply to any and all of the Trademarks (and any portion of any Trademark) that we authorize you to use in this Agreement. We may exercise these rights at any time and for any reason, business or otherwise, that we think best. You acknowledge both our right to take this action and your obligation to comply with our directions.

Section 5.10 OUR RESERVATION OF RIGHTS

Except as expressly limited by Section 1.3 above, we and our Affiliates retain all rights with respect to UFC GYM Businesses, the Trademarks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire. Specifically, but without limitation, we reserve the following rights:

(a) the right to establish and operate, and to grant to others the right to establish and operate similar businesses or any other businesses offering similar or dissimilar products and services through similar or dissimilar channels of distribution, inside or outside your Designated Territory under trademarks or service marks other than the Trademarks and on any terms and conditions we deem appropriate;

(b) the right to provide, offer and sell and to grant others the right to provide, offer and sell goods and services that are identical or similar to and/or competitive with those provided at UFC GYM Businesses, whether identified by the Trademarks or other trademarks or service marks, through dissimilar distribution channels (including, without limitation, the internet or similar electronic media) both inside and outside your Designated Territory and on any terms and conditions we deem appropriate;

(c) the right to establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside your Designated Territory under the Trademarks and on any terms and conditions we deem appropriate;

(d) the right to establish and operate, and to grant others the right to establish and operate, businesses offering similar products and services, both inside and outside your Designated Territory under the Trademarks and on any terms and conditions we deem appropriate, provided that the premises for such business is at least twenty thousand (20,000) square feet;

(e) the right to operate, and to grant others the right to operate UFC GYM Businesses anywhere outside your Designated Territory under any terms and conditions we deem appropriate and regardless of proximity to your Designated Territory;

(f) the right to operate and grant others the right to operate UFC GYM Businesses at "Non-Traditional Sites" within and outside your Designated Territory on any terms and conditions we deem appropriate. "**Non-Traditional Sites**" are sites that generate customer traffic flow which is independent from the general customer traffic flow of the surrounding area, including, without limitation, military bases, major industrial or office complexes, hotels, hospitals, and school campuses;

(g) the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at UFC GYM Businesses, 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 in your Designated Territory); and

(h) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at UFC GYM Businesses, or by another business, even if such business operates, franchises and/or licenses competitive businesses in your Designated Territory.

If we exercise our rights under (A) subpart (d) above in this Section 5.10 to establish and operate (or grant others the right to establish and operate) a business offering similar products and services inside your Designated Territory under the Trademarks or (B) subpart (g) above in this Section 5.10 to acquire one or more businesses providing products or services similar to those provided at UFC GYM Businesses and after the acquisition we operate these businesses (directly or through franchisees or licensees of these businesses) in your Designated Territory under the Trademarks, then you will have 60 days from the date on which we notify you of our election to notify us of your desire for us to purchase the GYM (including without limitation, the member/customer accounts, leasehold improvements, equipment, vehicles, furnishings, fixtures, signs, inventory (non-perishable products, materials and supplies) and the lease or sublease for the Premises) for a purchase price equal to the lesser of (i) the fair market value of the GYM plus 20% or (ii) your documented cost of purchasing the GYM's assets plus 20%. The fair market value of the GYM will be determined by us in our reasonable good faith discretion as of the effective date of purchase in a manner consistent with reasonable depreciation of your leasehold improvements and the equipment, vehicles, furnishings, fixtures, signs and inventory of the GYM and taking into account all debt and other liabilities of the GYM. The purchase price will not contain any factor or increment for any goodwill, going concern value, trademark, service mark or other commercial symbol or other intangible assets used in the operation of the GYM.

ARTICLE 6- THE MANUALS AND OTHER CONFIDENTIAL INFORMATION

Section 6.1 IN GENERAL

To protect our reputation and goodwill, and to maintain uniform standards of operation under the Intellectual Property, you will conduct the GYM in accordance with the Manuals. The Manuals are a component of the Confidential Information and an integral part of this Agreement with the same effect as if fully stated in this Agreement. We will provide you with a copy of the Manuals at your Initial Training.

Section 6.2 CONFIDENTIAL USE

(a) You will treat and maintain the Manuals and all of our Confidential Information as our confidential trade secrets ("**Trade Secrets**"). The Manuals will be kept in a secure area within the Premises. You will strictly limit access to the Manuals to your employees, to the extent they have a "need to know" in order to perform their jobs. You will report the theft, loss or destruction of the Manuals immediately to us. Upon the theft, loss or destruction of the Manuals, we will provide you access to a replacement copy at a fee of Two Hundred

Fifty Dollars ($250.00) for each Manual. A partial loss or failure to update any Manual is considered a complete loss.

(b) You agree that, during and after the Term, you, your owners and employees will:

(i) Not use the Confidential Information, including in any Competitive Business, in any other business or capacity, including any derivative or spin-off of the System or the UFC GYM concept;

(ii) Maintain the absolute secrecy and confidentiality of the Confidential Information during and after the Term;

(iii) Not make unauthorized copies of any portion of the Confidential Information, regardless of how or when disclosed, and regardless of whether such Confidential Information is in written or other tangible form; and

(iv) Adopt and implement all procedures that we prescribe to prevent unauthorized use or disclosure of, or access to, the Confidential Information.

(c) All persons whom you permit to have access to the Manuals or any other Confidential Information must first be required by you to sign our form of confidentiality agreement attached hereto as Exhibit 3.

ARTICLE 7- ADVERTISING

Recognizing the value of advertising, and the importance of the standardization of advertising programs to the good will and public image of the System, the parties agree:

Section 7.1 LOCAL ADVERTISING

(a) You must spend each month during the Term, beginning on the Opening Date, the greatest of at least Five Percent (5%) of your monthly Gross Revenues or at least (a) $2,500 for Class by UFC GYM or UFC GYM Jiu Jitsu, (b) $3,500 for UFC GYM (Core), or (c) $7,500 for UFC GYM (Signature) or UFC FIT on Local Advertising in your Designated Territory. We recommend that you begin this level of spending when you begin your Pre-Sale activities. Your Yellow Pages or comparable telephone directory expenses as required by this Section and upgrades of interior graphics and in-gym promotional materials will be counted towards the recommended local marketing expenditure.

(b) You must submit to us for our approval, all materials to be used for Local Advertising, unless they have been approved before or they consist only of materials we provide. All materials containing the Intellectual Property must include the applicable designation - service mark, trademark ™, registered ® or copyright ©, or any other designation we specify. If you have not received the written disapproval of materials submitted to our marketing director within ten (10) business days from the date we received the materials, and if you further notice us at the end of such ten (10) business days and do not receive written disapproval within five (5) additional business days, the materials are deemed approved. We may require you to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved, if in our judgment, the materials or advertising may injure or be harmful to the System. We must make this requirement in writing, and you have five (5) business days after receipt of notice to withdraw and discontinue use of the materials or advertising, unless otherwise agreed in writing. If we previously approved such materials in writing, we will refund your actual cost of unsold inventory for such materials within thirty (30) days. The submission of advertising to us for our approval does not affect your right to determine the prices that you sell your products or

services.

(c) You must maintain a listing in 411 and your local telephone directories servicing the location of the GYM under the "**Exercise and Physical Fitness**" section, in the form and size we specify in the Manuals or otherwise in writing.

Section 7.2 REGIONAL COOPERATIVE ADVERTISING

You agree that we have the right, in our discretion, to establish a regional advertising cooperative in any area. You will immediately, upon our request, become a member of the Cooperative for the area where some or all of your Designated Territory is located. The GYM is not required to be a member of more than one (1) Cooperative. The Cooperative will be governed in the manner required by us. The Cooperative has the right to require each of its members to make contributions to the Cooperative, not to exceed two percent (2%) of each Cooperative member's monthly Gross Revenues (the "**Cooperative Fee**"). The Cooperative Fee, if any, is in addition to, and not in lieu of, the Marketing Contributions required under Section 7.5 hereof, however, the Cooperative Fee will be applied as a credit to the Local Advertising minimum spend required by Section 7.1. The following provisions apply to each Cooperative:

(a) The Cooperative will be organized and governed in form and manner, and will begin operation on a date, approved in advance by us in writing;

(i) If the Cooperative is established, it will be organized for the exclusive purpose of administering equitable advertising programs that fairly distribute costs of developing, subject to our approval, standardized promotional materials for use by all the members in the Cooperative's Local Advertising;

(ii) The Cooperative may adopt its own rules and procedures, but the rules or procedures must be pre-approved by us and will not restrict nor expand your rights or obligations under this Agreement. Except as otherwise provided in this Agreement, and subject to our approval, any lawful action of the Cooperative at a meeting attended by 2/3s of the members, including assessments for Local Advertising, is binding upon you if approved by 2/3s of the members present, with each UFC GYM franchisee having one vote;

(iii) No advertising or promotional plans or materials may be used by the Cooperative or furnished to its members without our prior written approval. All plans and materials must be submitted to us in accordance with the procedure stated in Section 7.1;

(iv) The Cooperative has the right to require its members to make a contribution to the Cooperative in any amount the Cooperative determines. This amount will be credited against your obligation for Local Advertising as provided by Section 7.1; but you are not required to contribute a sum to the Cooperative in excess of two percent (2%) of your monthly Gross Revenues;

(v) Each member will submit to the Cooperative, no later than the fifth (5th) day of each month, for the preceding calendar month, his or her contribution as provided in Subsection 7.2(a)(iv), together with all other statements or reports required by us or by the Cooperative with our written approval;

(vi) If an impasse occurs owing to the inability or failure of the Cooperative members to resolve within forty-five (45) days any issue affecting the establishment or effective functioning of the Cooperative, the issue will, upon request of a member of the Cooperative, be submitted to us for consideration and its resolution of the issue will be final and binding on all members of the Cooperative;

and

(vii) The Cooperative will render quarterly reports to us of its advertising expenditures.

(b) We, in our sole discretion, may grant to any franchisee an exemption for any length of time from the requirement of membership in the Cooperative, upon written request of the franchisee stating reasons supporting the exemption. Our decision concerning the request for exemption is final. If an exemption is granted to a franchisee, that franchisee remains obligated to expend the full amount provided in Section 7.1 for Local Advertising.

Section 7.3 WEBSITE ADVERTISING

We may establish a website that provides information about the System and our products and services. We may use part of the monies from the funds that Franchisor collects under this Agreement to pay or reimburse itself for the costs associated with the development, maintenance and update of such website. We will be the web master, either directly or through a third party, and have sole discretion and control over such website.

We may design and provide to you a web page for the promotion of your GYM on our website. In such case, we will be the web master, as set forth herein, and have sole discretion and control over such web page. We will review and execute, subject to our approval, requested changes to your web page. You are not permitted to maintain an individual website related to the GYM, or to establish a URL incorporating any variation of the "UFC Gym" name or the Marks, without our prior written approval. You will not violate our privacy policies as posted on the website. We may use part of the monies from the funds that we collect under this Agreement to pay or reimburse the costs associated with the development, maintenance and update of the website. You must also participate in any System-wide area computer network, intranet system, or extranet implemented by us as described in this Agreement.

You acknowledge that we (or Zuffa) are the lawful, rightful and sole owner of the Internet domain name www.ufcgym, and any other Internet domain names registered by us, and unconditionally disclaims any ownership interest in those or any confusingly similar Internet domain name. You agree not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by us or our affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

You agree and acknowledge that we may review and monitor and restrict all online content on social media sites, blogs, electronic communication and other online sites which contain the Trademarks. You agree to remove any usage or content that we require, including without limitation, content that we deem, in our sole discretion, to be scandalous, immoral or detrimental to the Trademarks or the System. You further agree and acknowledge that we may prohibit use of the Trademarks on any or all Websites and social media sites.

Section 7.4 SPECIAL ADVERTISING EXPENDITURES

If you fail to meet your obligation to maintain minimum Gross Revenues any calendar year during the Term of at least 80% of the "designated average" of Gross Revenues of similar UFC GYM Businesses or if you fail to spend the required expenditures on Local Advertising for two (2) consecutive months, upon our request and in addition to our rights and remedies for your failure to meet your obligations, you will provide us with an accurate accounting of the amount you have spent on Local Advertising on a per month basis for the prior six (6) month period and you authorize us to withhold from your remittance account any amount that you failed to spend on Local Advertising as required in Section 7.1(a) and to place marketing for you, if we elect to do so.

Section 7.5 MARKETING FUND

(a) The Marketing Fund was established in April of 2008. As stated in Section 3.1(c), during the Term, you will pay a continuing daily non-refundable fee equal to 2.0% of your daily Gross Revenues in the case of UFC GYM (Signature) and UFC FIT models and 2.0% of your monthly Gross Revenues in the case of UFC GYM Jiu Jitsu, Class by UFC GYM , and UFC GYM (Core) models ("**Marketing Contributions**") which are deposited for the benefit of all UFC GYM Businesses that contribute to the Marketing Fund.

(b) The Marketing Fund is maintained and operated by us to meet the costs of conducting regional and/or national advertising and promotional activities on a regional or national scale (including the cost of advertising campaigns, test marketing, marketing surveys, public relations activities and marketing materials) as we deem most beneficial to the System. We will not use Marketing Fund contributions for advertising that principally is a solicitation for the sale of franchises. We are authorized to charge the Marketing Fund fees at reasonable market rates for advertising, marketing or promotional services actually provided by us, in lieu of engaging third party agencies to provide these services.

(c) We may spend in any calendar year more or less than the total Marketing Contributions to the Marketing Fund in that year. We may cause the Marketing Fund to invest any surplus for future use by the Marketing Fund.

(d) We will account for the Marketing Fund separately from our other funds and not use the Marketing Fund for general operating expenses. However, Marketing Contributions may be used to pay the reasonable salaries and benefits of personnel who manage and administer the Marketing Fund, the Marketing Fund's other administrative costs, travel expenses of personnel while they are on Marketing Fund business, meeting costs, overhead relating to Marketing Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Marketing Fund and its programs.

(e) The Marketing Fund will not be audited, unless we elect to require an audit, in which event all expenses of the audit will be paid out of the Marketing Fund. Financial information about the Marketing Fund will be made available annually, and we will provide it to you or make it available to you upon reasonable written request.

Section 7.6 CONTENT AND CONCEPTS

(a) You agree that the Marketing Fund may be used to pay the costs of preparing and producing associated materials and programs as we determine, including the use of social media; video, audio and written advertising materials employing advertising agencies; sponsorship of sporting, charitable or similar events; administering regional, national and multi-regional advertising programs including purchasing direct mail and other media advertising, and employing advertising agencies to assist with marketing efforts; and supporting public relations, market research and other advertising, promotional and marketing activities.

(b) You acknowledge that the Marketing Contributions are intended to maximize general public recognition of and the acceptance of the Intellectual Property for the benefit of the System as a whole. Notwithstanding Article 7 hereof, we undertake no obligation, in administering the Marketing Contributions (or Cooperative contribution, if any) to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular UFC GYM Business benefits directly or *pro rata* from advertising or promotion conducted with the Marketing Contributions.

Section 7.7 TERMINATION OF EXPENDITURES

We maintain the right to terminate the collection and disbursement of the Marketing Contributions and

the Marketing Fund. Upon termination, we will disburse the remaining funds for the purposes authorized under this Agreement.

Section 7.8 MARKETING CONTRIBUTIONS BY US

UFC GYM Businesses that we or our Affiliates operate are required to contribute to the Marketing Fund and any Cooperative on the same basis as you are required to contribute.

ARTICLE 8- ACCOUNTING AND RECORDS

Section 8.1 RECORDS

You will maintain complete and accurate financial and sales records for the operations of the GYM. Records must be segregated from all other records that do not concern the GYM. You must preserve these records for no less than seven (7) years from the dates of their preparation (including after the termination, transfer or expiration of this Agreement).

Section 8.2 REPORTS AND STATEMENTS; CONFIDENTIALITY

(a) **Monthly Reports**. You will submit to us by the fifth (5th) day of each month during the Term, or at such other time as we may determine from time-to-time, in the form that we require, accurate records reflecting all Gross Revenues of the previous month and all other information we require. If you must collect and remit sales or use taxes, you must also supply to us copies of your sales tax returns.

(b) **Annual Financial Statements**. You must also submit to us, within ninety (90) days of the close of your fiscal year, an annual balance sheet and income statement. Each annual statement must be signed by you or by your treasurer or chief financial officer attesting that the financial statements are true and correct and fairly present your financial position at, and for, the periods indicated. You will also supply to us copies of your federal and state income tax returns at the time these returns are filed with the appropriate taxing authorities. The financial statements and/or other periodic reports described above must be prepared to segregate the income and related expenses of the GYM from those of any other business that you may conduct.

(c) **Computerized Accounting System and POS System.** To assist you in recording and keeping accurate and detailed financial records for reports and tax returns, we at our discretion, may specify the form in which the business records are to be maintained, provide a uniform set of business records for you to use, and specify the type of cash register or other equipment to be used in connection with the Gym. You acknowledge that, at such time as a computerized accounting system is developed by us, you shall have the obligation at our request to implement and utilize such a system according to the standard and procedures established by us. We shall have full access to all of your data, system, and related information by means of direct access, whether in person, or by telephone/modem installed and maintained at your sole expense. As set forth more fully in Section 2.4, you must deliver all access codes, IP addresses and other information to facilitate our access to the electronic data of the Gym within thirty (30) of the opening. We also have rights and interest in the Proprietary Software as set forth more fully in Section 2.4.

(d) **Required Accounting Services.** If at the time you enter into this Agreement, or anytime thereafter, we determine, in our sole discretion, that you lack sufficient accounting experience to maintain your books and accounting or in the event you fail to provide the monthly, quarterly, or yearly financial reports required under this Section 8.2 in the proper format two (2) or more times in any twelve (12) month period, then we shall have the right, in our sole discretion, to require you to retain the services of an accountant to maintain your books and accounting for the unexpired term of this Agreement. You shall bear all costs incurred in connection with the

provision of these services.

(e) **Failure to Submit Required Reports.** In the event that you fail to submit any of the required documents detailed in Section 8.2 within the prescribed time period, you shall pay to us a non-reporting penalty fee in the amount of $350 for each instance where you fail to submit a required document or report. Franchisor's acceptance of this penalty fee does not in any way affect Franchisee's right to require Franchisee to retain an accountant as set forth in Section 8.3.

(f) **Confidentiality**. We agree to maintain the confidentiality of all financial information we obtain about your operations, and will not disclose this financial information to any third party who is not bound to maintain the confidentiality of the information; provided however, that: (i) we may use the information in preparing any earnings claims or other information required or permitted by federal or state franchise law; and (ii) we may prepare a composite list of financial performances by our franchisees for dissemination among the franchisees, identifying your Gross Revenues and advertising expenditures. This composite list will not include your identity nor will the information be presented in such a manner that your identity can be easily ascertained.

Section 8.3 REVIEW AND AUDIT

We, and our agents or representatives, have the right, at all reasonable times, to examine and copy, at our expense, your records and to inspect all cash control devices and systems, and to conduct a physical inventory. We have the right to access your computer system to determine, among other things, sales activity and Gross Revenues. We also have the right, at any time, to have an independent audit made of your records but not more frequently than two (2) times a year, provided you are not in default. If an inspection reveals that any financial information reported to us (including Gross Revenues or payments owed to us) has been understated in any report to us, you must immediately pay to us, upon demand, the amount understated in addition to interest at the maximum rate permitted by law beginning from the time the required payment was due. If any inspection discloses an understatement of two percent (2%) or more of Gross Revenues, you must, in addition, reimburse us for the expenses for the inspection (including reasonable accounting and attorneys' fees and costs). In addition, we reserve the right to require that all your future year-end financial statements be audited by an independent certified public accountant reasonably acceptable to us at your expense. These remedies are in addition to any other remedies we have under this Agreement or under Applicable Law. If the audit discloses an overpayment in any amount you paid to us, we will promptly pay you the amount of the overpayment or offset the overpayment against any amounts owed to us.

Section 8.4 YOUR NAME, ADDRESS AND TELEPHONE NUMBER

Under federal and state franchise laws and other Applicable Laws, we are required to disclose your name, address and telephone number (home address and telephone number if you are no longer a franchisee) and you agree to the disclosure of your name, address and telephone number. You must notify us of any change in your name, address and telephone number within ten (10) days of such change. You release us and our officers, directors, stockholders, agents and legal successors and assigns from all causes of action, suits, debts, covenants, agreements, damages, judgments, claims and demands, in law or in equity, that you ever had, now have, or that you later may have, from our disclosure of your name, address and telephone number.

ARTICLE 9- INSURANCE

Section 9.1 TYPES AND AMOUNTS OF COVERAGE

You must procure and maintain in force from an insurance company with a "A" or better rating by AM Best all insurance as we require, in addition to any other insurance that may be required by Applicable Law, your landlord, lender or otherwise, including but not limited to the following: (a) commercial general liability

(including completed/operations/product liability) insurance: (b) Special Form property insurance, including fire and extended coverage, vandalism and malicious mischief insurance, for 100% of the replacement value of your UFC GYM and its contents; and (c) any other insurance policies, like business interruption insurance, automobile insurance, unemployment insurance, cyber liability insurance, excess umbrella insurance and worker's compensation insurance (with a broad form all-states endorsement) insurance, as we may determine periodically and as required by law. We presently have an approved insurance vendor which you are required to use. For any interruption in the operation of the UFC GYM business due to a cyber event, whether or not you have sufficient insurance coverage, you must continue to pay us, during the period of interruption, continuing royalty fees based on the average monthly royalty fees paid by your during the 12 months immediately preceding the period of interruption. For any interruption in the operation of the UFC GYM business for any other reason, you must continue to pay us, during the period of interruption, continuing royalty fees paid by you during the twelve (12) months immediately preceding the period of interruption, if you have business interruption insurance. Your insurance must also cover identity theft and theft of personal information, including the costs of notifying members whose information has been compromised. These insurance policies must name us and any Affiliates we designate as additional named insureds and provide for fifteen (15) days' prior written notice to us of a policy's material modification, cancellation or expiration. We may periodically increase the amounts of coverage required under the insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.

Section 9.2 EVIDENCE OF YOUR INSURANCE

At least: (i) thirty (30) days before your commencement of tenant improvement construction is begun; or (ii) ten (10) days from the Agreement Date, if the Premises is constructed and presently owned or leased by you; or (iii) ten (10) days after a lease of the Premises is signed and you take occupancy, whichever is applicable, you must furnish to us a certificate of insurance issued by an approved insurance company showing compliance with these requirements and a paid receipt showing the policy number. The certificate of insurance must include a statement by the insurer that the policy will not be canceled, subject to nonrenewal or materially altered without at least thirty (30) days' advance written notice to us. Copies of all insurance policies and proof of payment will be submitted promptly to us upon our request. You will send to us current certificates of insurance and copies of all insurance policies on an annual basis.

Section 9.3 REQUIREMENTS FOR CONSTRUCTION AND RENOVATION

For any construction, renovation, refurbishment, or remodeling of the Premises, you must require the general contractor to maintain, with an approved insurer, commercial general liability insurance (with comprehensive automobile liability coverage for both owned and non-owned vehicles, builder's risk, product liability, and independent contractor's coverage) with limits of no less than one million dollars ($1,000,000), per claim, and no less than three million dollars ($3,000,000) in the aggregate, naming you and us as additional insureds, as their interests may appear, together with workers' compensation and employer's liability insurance as required by law. It is your responsibility to obtain certificates of insurance from your contractor prior to the initiation of any construction on your behalf.

Section 9.4 OUR RIGHT TO PARTICIPATE IN CLAIMS PROCEDURE

Our insurer, or we, has the right to participate in discussions with your insurance company or any claimant (with your insurance company) regarding any claim.

Section 9.5 WAIVER OF SUBROGATION

The parties agree that, for any loss that is covered by insurance then being carried by them, their respective

insurance companies have no right of subrogation against the other.

Section 9.6 EFFECT OF OUR INSURANCE

Your obligation to maintain the policies in the amounts required is not limited by reason of any insurance we maintain, nor will our performance of your obligations relieve you of liability under the indemnity provisions in this Agreement.

Section 9.7 FAILURE TO MAINTAIN INSURANCE

If either party fails to maintain the insurance required by this Agreement, the other party has the right and authority (without any obligation to do so) immediately to procure the insurance and to charge the cost of the insurance to the party obligated to maintain the insurance, plus interest on the premium amount at the maximum rate permitted by law. The obligated party agrees to pay these charges, together with a reasonable fee for the party's expenses in so acting, upon five (5) days' notice to the other party.

Section 9.8 GROUP INSURANCE

If we make insurance coverage available to you through group, captive, or master policies we obtain or arrange for, including property and casualty, workers' compensation, liability and health, life and disability insurance, you may participate, if you qualify, and at your expense, in these group insurance programs. To the extent any such program is deemed by us to be mandatory, you shall be required to participate in such programming. We presently have an approved vendor for insurance which you are required to use.

ARTICLE 10- TRANSFER OF INTEREST

Section 10.1 TRANSFER BY US

We have the right at any time to change our ownership or form and/or assign this Agreement and any other agreement to a third-party without restriction. Upon our assignment of this Agreement to a third-party, we will no longer have any performance or other obligations under this Agreement.

Section 10.2 TRANSFER BY YOU

a. **Personal Rights**. You understand and acknowledge that the rights and duties this Agreement creates are personal to you (or, if you are an entity, to your owners) and that we have granted you the Franchise in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, none of the following may be transferred without our prior written approval: (i) this Agreement (or any interest in this Agreement); (ii) the GYM (or any right to receive all or a portion of the GYM's profits or losses or capital appreciation related to the GYM); (iii) substantially all of the assets of the GYM; (iv) any ownership interest in you (if you are an entity, regardless of your size); or (v) any ownership interest in any of your owners (if such owners are entities). A transfer of the GYM's ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any transfer without our approval is a breach of this Agreement, an Event of Default by you and has no effect.

As used in this Agreement, the term "**transfer**" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition. An assignment, sale, gift, or other disposition includes the following events: (a) transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest in you; (b) merger or consolidation or issuance of additional securities or other forms of

ownership interest in you (if you are a legal entity); (c) any sale of a security convertible to an ownership interest in you; (d) transfer of an interest in you, this Agreement, your UFC Gym or substantially all of its assets; (e) the death of you, one of your Owners, or an owner of one of your Owners (if such owner is a legal entity); (f) pledge of this Agreement (to someone other than us) or the pledge of an ownership interest in you or your owners as security.

b. Transfer to Your Business Entity. Notwithstanding the foregoing, if you are in full compliance with this Agreement, you may transfer this Agreement to a single corporation or limited liability company which conducts no business other than the operation of your UFC GYM, provided that you must maintain management control, and own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests of said corporation or limited liability company and, all of the assets are owned, and business is conducted, only by said corporation or limited liability company. The corporation or limited liability company must expressly assume all of your obligations under this Agreement. Transfers of ownership interests in the corporation or limited liability company are subject to the terms and conditions of this Section 10.2 and you agree to remain personally liable under this Agreement as if the transfer to the corporation or limited liability company did not occur.

c. **No Subfranchising Rights**. You have no right to grant a subfranchise.

d. **No Encumbrance of Franchise Right and Controlling Interest**. You have no right to pledge, encumber, hypothecate or otherwise give any third party a security interest in your rights under this Agreement without our prior written permission, which we have the sole right to withhold for any reason whatsoever. Any attempted encumbrance is void and is an Event of Default on your part.

e. **"For Sale" Restrictions**. You will not permit to be placed upon the Premises a "**Business For Sale**" or "**For Sale**" sign, or any sign of a similar nature or purpose, nor in any manner use the Intellectual Property to advertise the sale of the GYM or the sale or lease of the Premises. These prohibitions apply to any activities under a listing agreement that you may enter into with a real estate or business broker.

f. **Permitted Transfer**. We may consent to a transfer of this Agreement if the following requirements are satisfied or waived by us in our sole discretion:

   a. We have not exercised our right of first purchase as provided in Section 10.5;
   b. You are not in default of any term of this Agreement or any other agreement between you and us or our Affiliates;
   c. Neither the transferee nor its owners (if the transferee is an entity) or Affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business listed in Exhibit 4 hereto;
   d. The transferee has sufficient business experience, aptitude, and financial resources to operate the GYM and meets our then current minimum net worth requirements for UFC GYM franchisees;
   e. The transferee and its direct and indirect owners (if the transferee is an entity), pass background checks, are of good character and otherwise meet our then applicable standards for UFC GYM franchisees;
   f. The transferee interviews at our principal office without expense to us and demonstrates to our reasonable satisfaction that the transferee has the business and personal skills, reputation and financial capacity we require;
   g. The transferee satisfactorily completes our application procedures for new franchisees;
   h. The transferee executes our then current form of Franchise Agreement and ancillary documents (including lease/subleases and guarantees) as are then customarily used by us in the award of franchises (which may, among other things, provide for higher royalties, advertising fund/marketing contributions and materially different rights and obligations than are provided in this Agreement and (at our option) not include the terms of any amendments or addenda to this Agreement); provided,

however, that no Initial Fee will be required. The term of such new Franchise Agreement will, at our option, be either for the balance of the Term of this Agreement or for the full term generally awarded to new franchisees as of the time of the transfer;

i. The transferee demonstrates to our reasonable satisfaction that he or she will be able to comply with all of his or her obligations to the GYM, including an assumption of the lease, if the Premises is leased, and agrees to renovate and upgrade the GYM as we specify. You will remain liable for all obligations to us under this Agreement before the effective date of the transfer and will sign all instruments we reasonably request to evidence these liabilities;
j. At the transferee's expense, the transferee or transferee's manager completes Initial Training then in effect for new franchisees upon all terms as we reasonably require;
k. You or the transferee will pay us a transfer fee as follows: if you are transferring a UFC GYM Jiu Jitsu location, $10,000; if you are transferring a CLASS by UFC GYM location, $15,000; if you are transferring a UFC GYM (Core) location, $20,000; and if you are transferring a UFC GYM (Signature) / UFC FIT location, $25,000. If the transferee is a wholly-owned company, spouse or child of the transferor, or another UFC GYM franchisee, no transfer fee will be charged provided a trained manager continues to operate the GYM;
l. You (and your transferring owners) sign a general release or estoppel, in a form satisfactory to us, relating to any and all claims against us and our shareholders, officers, directors, employees, and agents; and
m. You and your transferring owners (and your and owners' spouses) will not, for twelve (12) months beginning on the transfer's effective date, engage in any of the activities proscribed in Section 13.1(b)(ii) below.

No disapproval of the transferee for failure to satisfy the transfer conditions described in this Subsection, or of any other condition to transfer stated in this Agreement, causes any liability on our part to the transferee.

We must approve of the proposed terms of sale or other factors involved in the transfer. Our consent to a transfer is not a waiver of any claims we may have against you, nor is it a waiver of our right to demand the transferee's exact compliance with this Agreement. No transfer (even if we approve) relieves you of liability for your conduct before the transfer, including conduct in breach of this Agreement.

Section 10.3 TRANSFER UPON DIVORCE OR PARTNERSHIP DISSOLUTION

If this Agreement is in the name of two persons who are husband and wife or two or more persons who are partners as franchisees, this Section describes the policies to be applied upon divorce or dissolution of the partnership. During the period when a divorce or partnership dissolution action is pending, you must adopt one of the following methods of operation:

(a) If one of the parties is willing to relinquish his or her right and interest in the GYM, thereby leaving his or her spouse or partner(s) to carry on the GYM, or if the GYM is transferred to one spouse by court order, the transferring spouse may transfer his or her interest in the GYM by assigning the interest to the spouse or to his or her partner(s) provided the remaining spouse or partner has successfully completed Initial Training.

(b) If the parties to a divorce or dissolution action agree that, despite their difficulties, they can continue to operate the GYM jointly on a "business-as-usual" basis during the proceeding, they may do so.

(c) If the parties in a divorce action or in a partnership dissolution are not agreeable to operate under alternates (a) or (b) then they must make arrangements to have the GYM operated by a third party as a General Manager until the divorce or dissolution has been completed. The General Manager must be approved by us and have satisfactorily completed Initial Training.

(d) Divorcing parties may, after a final order or judgment, continue to operate the GYM in the form of a partnership or other business entity even though they are no longer husband and wife. In such a case, however, they must enter a formal agreement, which defines their respective rights and obligations, file a signed copy with us, assign this Agreement to the new entity, and comply with all other requirements for owning the GYM utilizing a partnership or other business entity.

Section 10.4 TRANSFER UPON DEATH OR DISABILITY

(a) If any Managing Owner becomes disabled from any cause and is unable to perform his or her obligations under this Agreement for a continuous period in excess of three (3) consecutive months, or on the death of the Managing Owner, you (or your legal representative) will within thirty (30) days after such death, or three (3) months after such disability, provide and maintain a replacement satisfactory to us to perform the obligations. If a replacement is not provided or maintained as required, we may hire and maintain your replacement. You will compensate the replacement for his or her services at the rate we establish in our reasonable discretion. For all purposes of this Agreement, any period of disability that is interrupted by a return to active work and proper performance of duties under this Agreement for fourteen (14) days or more is deemed continuous.

(b) If (i) you, or (ii) any individual who holds a 50% or greater voting or ownership interest in you (or in any Managing Owner), die during the Term, your interests in the GYM (or in any Managing Owner) or in this Agreement are required to be transferred within 12 months of the death to an approved transferee in accordance with the terms of this Article.

Section 10.5 OUR RIGHT OF FIRST PURCHASE

(a) If, during the Term, you or any person who owns at least a 50% ownership or voting interest in a corporation or other entity that owns the GYM (or in any entity with an ownership interest in a corporation or other entity that owns the GYM) desire to sell the GYM, (whether as a sale of assets or a sale of stock or other equity interests), you must first approach us with a specific price and terms and offer us the opportunity to purchase the GYM. If the offeror proposes to buy any other property or rights from you (or your owners) under a separate, contemporaneous offer, the price and terms of purchase offered to you for the interest in this Agreement, the UFC GYM, the assets of the franchised business or you must reflect the bona fide price offered therefor and shall not reflect the value for any other property or rights. We have 30 days to accept or reject your offer at the designated price. If we decline your offer and you and we cannot otherwise reach agreement for the sale and purchase of the GYM within the 30-day period, you then have the right to list the GYM and offer it for sale to third parties (either in or outside the System) at or above the designated price and on terms no less favorable than offered to us, for a period of 120 days, with a closing to take place within 60 days after the date of the purchase agreement. If a third party purchases the GYM at a price or terms equal or more favorable (higher) to you than offered to and rejected by us; the sale can proceed, provided you and the third party comply with the terms of Section 10.2(f).

(b) If you decide within the 120-day period to offer the GYM or accept an offer from a third party (the "**Offeror**") at a lower price and/or terms less favorable to you (the "**Offer**") than offered to and rejected by us, you must then give us a right of first refusal.

(c) If we give notice of acceptance of the Offer, then you will sell the GYM to us and we will purchase the GYM for the consideration and upon the terms stated in the Offer. Our creditworthiness is deemed at least equal to the creditworthiness of any proposed purchaser. If we are, or our Affiliate is, a public company at that time having shares traded on a national securities exchange, the Offeror must accept a quantity of stock at our then current value, or our Affiliate's, registered shares in lieu of cash or Unique Consideration.

(d) If an independent third party's written Offer (and the Offeror's corresponding offer to us) provides for the purchaser's payment of a Unique Consideration that is of a nature that cannot reasonably be duplicated by us, we may, in our notice of exercise, in lieu of the Unique Consideration, substitute cash (or stock, if we are a public company with registered shares) consideration determined by mutual agreement of you and us within 45 days after the Offer is made or, failing agreement, by an independent appraiser selected by us.

(e) If the proposed sale includes assets of the Offeror that are not part of the operation of the GYM, we may, at our option, elect to purchase only the assets that are part of the operation of the GYM and an equitable purchase price will be determined in our reasonable discretion and allocated to each asset included in the sale.

(f) We will purchase the GYM subject to all customary warranties given by a seller of the assets of a business or voting stock of a corporation, as applicable, including warranties as to ownership, condition and title to the shares and/or assets, liens and encumbrances on the shares and/or assets, validity of contracts and liabilities of the corporation whose stock is purchased and affecting the assets, contingent or otherwise.

(g) Unless otherwise agreed by you and us, the closing of the purchase of the GYM will be held at our then principal office or other location designated by us, no later than the 60th day after the Offer is delivered to us. The closing of any purchase where a cash or stock consideration is determined in accordance with Section 10.5(d) will be held on the 15th day after the cash or stock consideration is finally determined. At any closing, the Offeror must deliver to us an assignment and other documents reasonably requested by us representing a transfer of ownership of the GYM free and clear of all liens, claims, pledges, options, restrictions, charges and encumbrances, in proper form for transfer and with evidence of payment by the Offeror of all applicable transfer taxes. We will simultaneously make payment of any cash consideration for the GYM by a cashier's check drawn on a bank or thrift doing business in the county of our principal place of business or payment by the issuance of our or our Affiliate's registered shares, after set off against the amount due to the Offeror for all amounts you owe us, if any. The remaining terms of the purchase and sale will be stated in the Offer.

(h) If we do not accept the Offer, you are free, for ninety (90) days after we have elected not to exercise our option, to sell the GYM to the prospective purchaser for the consideration and upon the terms stated in the prospective purchaser written Offer, subject to full compliance with all terms of transfer required under this Agreement, including those in Section 10.2. Before any sale of the shares to a prospective purchaser, there must be delivered by the prospective purchaser an acknowledgment that the shares purchased by the prospective purchaser is subject to the terms of this Agreement and that the prospective purchaser agrees to be bound to the terms of this Section on transferring the shares, in the same manner as the Offeror. If you do not sell the GYM within the 90-day period, then any transfer by you of the GYM, must again be offered to us pursuant to Section 10.5 of this Agreement.

(i) If a proposed transfer is to a corporation wholly-owned by you or a trust with you and/or your direct family member(s) as beneficiaries, controlled by you, we will not have any right of first purchase.

(j) All transferees are subject to all of the restrictions on transfer of ownership imposed on you under this Agreement.

Section 10.6 YOUR TRANSFER OF ACCOUNTS TO ANOTHER FRANCHISEE

Notwithstanding the other Sections of this Article and Section 4.7(k), you may transfer accounts on an individual and occasional basis if requested by the customer, but only to another UFC GYM franchisee. You must notify us immediately and we reserve the right to investigate into the reasons for the request. We will resolve any dispute between you and another UFC GYM franchisee over the right to a customer, and our decision will be binding.

ARTICLE 11- DEFAULT AND TERMINATION

Section 11.1 TERMINATION BY US - WITHOUT NOTICE

(a) Subject to Applicable Law, this Agreement automatically terminates without notice to you or your having an opportunity to cure on the date of the occurrence of any of the following Events of Default:

(i) if you damage the UFC GYM System through violation of federal, state or local environmental laws;

(ii) If you become insolvent, admit in writing your inability to pay your debts as they mature;

(iii) if you make a general assignment for the benefit of creditors;

(iv) a petition in bankruptcy is filed by you or a petition is filed against or consented to by you and the petition is not dismissed within thirty (30) days;

(v) you are adjudicated as bankrupt;

(vi) a bill in equity or other proceeding for the appointment of your receiver or other custodian for your business or assets is filed and consented to you;

(vii) a receiver or other custodian (permanent or temporary) of your business or assets is appointed by any court of competent jurisdiction;

(viii) proceedings for a composition with creditors under federal or any state law is begun by or against you;

(ix) a final judgment against you in excess of $25,000 remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed);

(x) execution is levied against your GYM or property, or suit to foreclose any lien or mortgage against the Premises or your assets is begun against you and not dismissed within thirty (30) days;

(xi) a substantial portion of your real or personal property used in the GYM is sold after levy by any sheriff, marshal or constable;

(xii) you abandon the GYM and/or your obligations under this Agreement;

(xiii) if you engage in conduct that is deleterious to or reflects unfavorably on you or the System, as determined by us in our sole discretion; or

(xiv) if you engage in conduct that exhibits a reckless disregard for the physical or mental well-being of employees, customers, our representatives or the public at large, including battery, assault, sexual harassment or discrimination, racial harassment or discrimination, alcohol or drug abuse or other forms of threatening, outrageous or unacceptable behavior as determined in our sole discretion.

(b) You will notify us within three (3) days of the occurrence of any of the events described in this

Section 11.1.

Section 11.2 TERMINATION BY US - AFTER NOTICE

We may, at our option, terminate all rights granted to you under this Agreement, without affording you any opportunity to cure the default, effective immediately upon notice to you, upon the occurrence of any of the following Events of Default:

(a) If you or any of your owners has made or makes a material misrepresentation or omission in acquiring any of the rights under this Agreement or operating the GYM;

(b) If you, your owners or other GYM personnel that we required to attend our initial training program do not satisfactorily complete the training;

(c) If you fail to sign a Lease that we have accepted, for a Site that we have accepted, within nine (9) months after the Agreement Date or your fail to open the GYM for member workouts in compliance with this Agreement on or before the Opening Deadline (unless we extend the Opening Deadline pursuant to Section 4.4(b);

(d) If you (i) abandon or fail to actively operate the GYM offering full services to its members during the required hours of operation for three (3) or more calendar days during any month or for more than three (3) consecutive days, unless you close the GYM for a purpose we approve or because of casualty or government order, or (ii) lose the right to possession of the Premises after the expiration of all redemption periods and have not satisfied the provisions of Section 1.4, if applicable, or otherwise forfeit the right to do or transact business in the jurisdiction where the GYM is located;

(e) If you surrender or transfer control of your or the GYM's management operation with our prior written consent;

(f) If you or any of your owners make an unauthorized transfer in breach of the Agreement;

(g) If you, or your officer, director, owner or managerial employee are accused of a felony, a crime of moral turpitude or any other crime or offense, that we reasonably believe is likely to have a material adverse effect on the System, the Intellectual Property, the good will associated with the Intellectual Property, or our interest in any of the Intellectual Property, or if you or such person receives a notice from any Governmental Authority that you or such person is under investigation for any reason by a Governmental Authority, unless you immediately and legally terminate such person as your officer, director, owner and employee;

(h) If you deny us the right to inspect the GYM or to audit your records;

(i) If you, contrary to this Agreement, purport to encumber or transfer any rights or obligations under this Agreement (including transfers of any interest in a corporation or other entity which owns the GYM), without our written consent;

(j) If any breach occurs under Sections 6.2 or 13.1 concerning confidentiality and non-competition covenants;

(k) If you knowingly maintain false records, or knowingly submit any false reports to us;

(l) If we (or any of our owners or Affiliates) terminate any other agreement between you (or any of your owners or Affiliates) and us (or any of our owners or Affiliates), including without limitation any financing agreements, due to your (or any of your owners' or Affiliates') failure to comply with the terms of such agreement;

(m) Your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation;

(n) You breach any provision of Article 5;

(o) You or any of your owners, commits any act or makes any statement that materially disparages us, Zuffa, or any of our or Zuffa's respective Affiliates;

(p) You misuse the Trademarks or the System as determined in our sole discretion;

(q) You breach the Lease with respect to the Gym and fail to cure such breach, if curable, within the cure period set forth in the Lease; or

(r) If any of the Commissions, or any committees or sub-committees thereof, advises or requires Zuffa, its Affiliates, or their equity owners to discontinue or restrict their business relationship and/or involvement with you as a result of a Regulatory Problem. In the event that a Regulatory Problem arises at any time as a result of this Agreement or the underlying relationships between you and us (or any of your Affiliates), we shall promptly notify you in writing of the reason for termination or modification of this Agreement and you shall fully cooperate with us for purposes of attempting to cure the reason(s) for such termination or modification to the extent possible. You acknowledge and agree that: (i) Zuffa holds a privileged promoter's license and is therefore subject to the regulations and enforcement of each applicable jurisdiction's athletic commission and (ii) Zuffa's equity owners hold privileged gaming licenses in the State of Nevada and other jurisdictions. As a consequence of these obligations and privileged licenses held by Zuffa and its equity owners, you and we agree that this Agreement is immediately terminable and voidable by us, without liability or accounting to you.

Section 11.3 TERMINATION BY US - AFTER NOTICE AND RIGHT TO CURE

We may, at our option, terminate all rights granted to you under this Agreement, after affording you an opportunity to cure as described below, upon the occurrence of any of the following Events of Default:

(a) If you fail to make any payment required under this Agreement on the date that such payment is due and such failure is not cured within ten (10) days after your receipt of written notice from us, all your rights under this Agreement will terminate without additional notice to you effective immediately upon the expiration of the ten (10) days or any longer time as Applicable Law may require.

(b) If a serious or imminent threat or danger to public health or safety results from the construction, maintenance or operation of the GYM and the threat or danger remains uncorrected for five (5) days after your receipt of written notice from a Governmental Authority or us. If a cure cannot be completed in this time, and if permitted by the Governmental Authority and/or by us in writing, then a cure must be completed within thirty (30) days after receipt of our initial written notice;

(c) If you fail or refuse to comply with any mandatory specification, standard or operating procedure required by us in this Agreement, in the Manuals or otherwise in writing, on the cleanliness or sanitation of the GYM or violates any health, safety, or sanitation law, ordinance, or regulation and do not correct the failure or refusal within three (3) days after written notice from a Governmental Authority or us. If a cure cannot be completed in this time, and if permitted by the Governmental Authority and/or by us in writing, then a cure must be completed within thirty (30) days after receipt of the initial written notice;

(d) If you misuse or make any unauthorized use of the Intellectual Property or otherwise materially impair the good will associated with the Intellectual Property or our rights in the Intellectual Property and do not correct the problem within three (3) days after written notice from us. If a cure cannot be completed in this time, and if permitted by us in writing, then a cure must be completed within thirty (30) days after receipt of the initial written notice;

(e) Except as otherwise provided above, you have thirty (30) days after delivery from us of a written Notice of Default specifying the nature of the default to remedy the default and provide evidence of cure satisfactory to us. If any default is not cured within that time, or any longer time as Applicable Law may require, all your rights under this Agreement terminate without additional notice to you effective immediately upon the expiration of the thirty (30) days or any longer time as Applicable Law may require. In addition to the Events of Default specified in Sections 11.2 and 11.3, an Event of Default by you occurs if you fail to comply with any of the requirements imposed by this Agreement. You have the burden of proving that you properly and timely cured any default, to the extent a cure is permitted under this Agreement.

(f) During a cure period, we reserve the right to refuse to sell you UFC GYM Products.

ARTICLE 12- YOUR OBLIGATIONS UPON TERMINATION, EXPIRATION OR NONRENEWAL

Upon the termination, expiration or nonrenewal of this Agreement, the Sections of this Article apply to the rights and obligations of the parties.

Section 12.1 CEASE OPERATIONS

You will immediately cease to operate the GYM. You will not, directly or indirectly, use any of the Intellectual Property, including, but not limited to the Trademarks, Trade Dress and Trade Secrets, nor represent yourself as a present or former franchisee of us or in any way affiliate yourself with the System. You will also immediately cease using all telephone numbers for the GYM used at any time before termination or expiration, and empower us to take whatever actions are necessary to enforce your compliance with this Section. You must cease using the URL and Internet addresses used for your business and immediately cause the URL and Internet addresses to be transferred to us.

Section 12.2 CEASE USE OF LICENSED RIGHTS

(a) Upon any termination or expiration of this Agreement, subject to Section 12.2(b) below, (i) you shall immediately cease all use of the Trademarks, and (ii) all rights to the Licensed Rights granted to you hereunder shall forthwith terminate and revert to us.

(b) Upon any termination or expiration of this Agreement, you shall, immediately, at your own expense and to our satisfaction in our sole discretion, either remove, efface, return to us or destroy all references to "UFC GYM" or any of the Licensed Rights used in the GYM, from all of your products, materials, supplies and equipment, and from all business paper, stationery, signs, labels, packaging material, advertising, or the like, used or maintained by you (including, as soon as may reasonably be accomplished, telephone or internet directory listings), and you shall not thereafter hold forth in any manner whatsoever that you have any connection with us, Zuffa or the UFC-brand; provided, however, that you shall have a reasonable period of time but in no event more than sixty (60) days, to sell off inventory containing or referencing the Licensed Rights. We shall be entitled to receive a share of the proceeds you receive from the sale of such inventory in accordance with your Royalty Fee payment obligations under this Agreement. You shall forthwith transfer to us any domain name registrations containing the Trademarks permitted to be maintained by you for your Website.

Section 12.3 PAYMENT OF OUTSTANDING AMOUNTS

We may retain all fees paid under this Agreement except for refunds expressly required in this Agreement. Within ten (10) days after the effective date of the termination or any later dates as we determine that amounts are due to us, you must pay to us all Royalty Fees and Marketing Contributions amounts owed for products or services you purchased from us or our Affiliates, and all other amounts owed to us, our Affiliates and your other creditors that are then unpaid. In addition, you must refund all pre-paid memberships or other refunds due to members under the law of your state within thirty (30) days after the effective date of the termination or any later or earlier dates is it is determined that amounts are due.

Section 12.4 DISCONTINUANCE OF USE OF TRADEMARKS

You will cancel any fictitious, trade or assumed name registration that contains any Trademark, trade name or service mark or colorable imitation of any Trademark, trade name or service mark. You will furnish us with evidence of compliance with this obligation to cancel the registration within thirty (30) days after termination or expiration of this Agreement. If you fail to cancel, you appoint us as your attorney-in-fact to do so.

Section 12.5 OUR OPTION TO PURCHASE THE GYM

(a) We have the option, exercisable by giving written notice to you within thirty (30) days from the date of termination of this Agreement, to purchase from you the GYM. We have the unrestricted right to assign this option to purchase. We, or our assignee, are entitled to all customary warranties given by a seller of a business, including: (i) ownership, condition and title to the assets; (ii) the absence of liens and encumbrances on the assets; and (iii) validity of contracts and liabilities, inuring to us or affecting the assets, contingent or otherwise. The purchase price for the GYM is the fair market value of the GYM (including without limitation, the member/customer accounts, leasehold improvements, equipment, vehicles, furnishings, fixtures, signs, inventory (non-perishable products, materials and supplies) and the lease or sublease for the Premises), determined as of the effective date of purchase in a manner consistent with reasonable depreciation of your leasehold improvements and the equipment, vehicles, furnishings, fixtures, signs and inventory of the GYM and taking into account all debt and other liabilities of the GYM. The purchase price also will take into account the termination of the Franchise granted under this Agreement and will not contain any factor or increment for any goodwill, going concern value, trademark, service mark or other commercial symbol or other intangible assets used in the operation of the GYM.

(b) If the parties cannot agree on the fair market value of the GYM within thirty (30) days after your receipt of our notice exercising our option, the fair market value will be determined by an independent appraiser the parties selected. If they are unable to agree on an independent appraiser within ten (10) days after expiration of the 30-day period, the parties will each select one independent appraiser, who will select a third independent appraiser (the "**Third Appraiser**"), and the fair market value will be the value determined by the Third Appraiser. If either party fails to select an appraiser and give notice to the other of the identity of the appraiser within the 10-day period, the appraiser selected by the other party will select the Third Appraiser. The Third Appraiser will be given full access to the GYM, the Premises and your records during customary business hours to conduct the appraisal and must value the leasehold improvements, equipment, furnishings, fixtures, signs and inventory in accordance with the standards of this Section. The parties will pay the Third Appraiser's costs equally.

(c) The purchase price will be paid in cash equivalent, which will take place no later than ninety (90) days after your receipt of notice of exercise of our option to purchase. At the closing, you will deliver instruments transferring to us or our assignee: (i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us or our assignee), with all your sales and other transfer taxes paid; (ii) all licenses and permits of the GYM that may be assigned or

transferred; and (iii) the lease for the Premises. If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. The parties will comply with all applicable legal requirements, including the bulk sales provisions of the Uniform Commercial Code of the state where the GYM is located, if any, and the bulk sales provisions of any applicable tax laws and regulations. You will, before or simultaneously with the closing of the purchase, pay all tax liabilities incurred in the operation of the GYM. We have the right to set off against and reduce the purchase price by all amounts you owe to us, and the amount of any encumbrances or liens against the assets or any obligations we assume.

(d) If our assignee or we exercise the option to purchase, pending the closing of the purchase, we have the right to appoint a manager to maintain the operation of the GYM. Alternatively, we may require you to close the GYM during this time period without removing any assets. You will maintain in force all insurance policies required in this Agreement until the date of closing. If the Premises is leased, we agree to use reasonable efforts to affect a termination of the existing lease for the Premises and enter into a new lease on reasonable terms with the landlord. If we are unable to enter into a new lease and your rights under the existing lease are assigned to us or we sublease the Premises from you, we indemnify you from any ongoing liability under the lease that occurs after the date we assume possession of the Premises. If you own the Premises, upon purchase of the GYM, you, at your option, may enter into a new lease with us under a standard lease on terms comparable to those for similar commercial properties in the area that are then being leased, for a term of at least ten (10) years and for a rental equal to the fair market rental value of the Premises. If the parties cannot agree on the fair market rental value of the Premises, then the rental value will be determined by the Appraiser (selected in the manner described above).

Section 12.6 DISTINGUISHING OPERATIONS

(a) If we do not exercise our option under Section 12.5 and you desire to remain in possession of the Premises and operate a noncompetitive business, in addition to the other requirements under Article 12, you must make all modifications or alterations to the Premises immediately upon termination of this Agreement as necessary to distinguish the appearance of the Premises from that of other UFC GYM Businesses, including the removal of all the Trademarks and Trade Dress. You will make all specific additional changes to the Premises as we reasonably request for that purpose including a change of use of the Premises. You agree to refrain from taking any direct or indirect action to reduce the goodwill of your customers or potential customers toward us, the GYM, UFC GYM franchisees or any other aspect of the System.

(b) You must remove immediately all identifying signage on or about the Premises bearing any Trademark (or any name or logo similar to the Trademarks), in the manner we specify. You will hold all property belonging to us for delivery to us, at our expense, upon request. Any signage that you are unable to remove within one (1) Business Day of the termination of this Agreement must be completely covered by you until the time of its removal. If you fail or refuse to comply with this obligation, we have the right to enter upon the Premises, without being guilty of trespass or any other tort for the purpose of removing the signage and storing it at another location, at a reasonable expense (for signage not owned by us) payable by you on demand.

(c) Until all modifications and alterations required by this Section are completed, you must: (i) maintain a conspicuous sign at the Premises in a form specified by us stating that your business is no longer associated with our System; and (ii) advise all customers or prospective customers telephoning your business that the business is no longer associated with our System.

(d) If you fail or refuse to comply with the requirements of this Section, we have the right to seek injunctive relief including issuance of a temporary restraining order forcing you to immediately cease the unauthorized use of our Intellectual Property, pursuant to Section 16.3 hereof. You agree that your failure to

make these alterations will cause irreparable injury to us.

Section 12.7 UNFAIR COMPETITION

You agree, if you continue to operate or later begin to operate any other business, not to use any reproduction or colorable imitation of the Intellectual Property, Trade Dress, methods of operation or undertake any other conduct either in any other business or the promotion of any other business, that is likely to cause confusion, mistake or deception, or that is likely to dilute our rights in and to the Intellectual Property (or Zuffa's rights in and to the Trademarks). In addition, you agree not to utilize any designation of origin or description or representation that falsely suggests or represents an association or connection with us, Zuffa, or any of our or Zuffa's Affiliates. This Section does not relieve, directly or indirectly, your obligations under Article 13.

Section 12.8 RETURN OF MATERIALS

You will immediately deliver to us all tangible Intellectual Property in your possession or control, and all copies and any other forms of reproductions of these materials, including all Manuals. You agree that all these materials are our exclusive property.

Section 12.9 OUR PURCHASE RIGHTS OF ITEMS BEARING INTELLECTUAL PROPERTY

Even if we do not exercise our option under Section 12.5, we have the option (but not the obligation) to exercise by notice of intent to do so within thirty (30) days after termination to purchase any items bearing the Intellectual Property owned by you including signs, advertising materials, supplies, inventory or other items at a price equal to the lesser of your documented cost or fair market value. If the parties cannot agree on fair market value within a reasonable time, we will designate an independent appraiser whose cost will be paid equally by the parties, and the appraiser's determination will be binding. The fair market value of tangible assets will be determined without reference to goodwill, going concern value, or other intangible assets. If we elect to exercise our option to purchase, we will have the right to set off all amounts due from you under this Agreement, and ½ the cost of the appraisal, if any, against any payment to you. If you fail to sign and deliver the necessary documents to transfer good title to your assets to us or our nominee, we are entitled to apply to any court of competent jurisdiction for a mandatory injunction to compel you to comply with the rights granted in this Agreement. All expenses, including our reasonable attorneys' fees, you will pay to us and may be credited by us to the agreed purchase price. If we do not exercise our option to purchase, all items bearing the Intellectual Property must be de-branded in their entirety prior to any re-sale.

Section 12.10 LIQUIDATED DAMAGES FOR PREMATURE TERMINATION

If this Agreement terminates prior to its expiration due to your default or your wrongful termination, you will pay to us a lump sum payment (as liquidated damages for causing the premature termination of this Agreement and not as a penalty) equal to: (i) the total of all Royalty Fees paid for the 24 calendar months of operation of the GYM immediately preceding the termination; or (ii) the average amount of all Royalty Fees paid for the period of time the GYM has been in operation preceding the termination, if less than 24 calendar months, projected on a 24-calendar month basis. If you (i) fail to pay the Initial Fee due in full; or (ii) fail to open the Gym, you will pay us a lump sum payment (as liquidated damages for causing the premature termination of this Agreement and not as a penalty) equal to: (i) the average amount of all Royalty Fees paid by all similar UFC Gyms (i.e. Class UFC GYM. UFC GYM CORE, UFC GYM Signature or UFC Fit) in the prior 12-month period immediately preceding the termination. The parties agree that a precise calculation of the full extent of the damages that we will incur on termination of this Agreement as a result of your default or wrongful termination is difficult and the parties desire certainty in this matter in the extreme, and agree that the lump sum payment provided under this Section is reasonable in light of the damages for termination that we will incur in this event. This payment is not exclusive

of any other remedies that we have including attorney's fees and costs.

ARTICLE 13- YOUR INDEPENDENT COVENANTS

Section 13.1 MEMBER INFORMATION; COMPETITION AND INTERFERENCE WITH US

(a) **Member Information.** You must comply with our System Standards, other directions from us, and all applicable laws and regulations regarding the organization, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of Member Information on your Gym Management System or otherwise in your possession or control and, in any event, employ reasonable means to safeguard the confidentiality and security of Member Information. "**Member Information**" means names, contact information, financial information and other personal information of or relating to the Gym's members and prospective members. If there is a suspected or actual breach of security or unauthorized access involving your Member Information, you must notify us immediately after becoming aware of such actual or suspected occurrence and specify the extent to which Member information was compromised or disclosed.

We and our Affiliates may, through our Gym Management System or otherwise, have access to Member Information. We and our Affiliates may use Member Information in our and their business activities, but during the Term we and our Affiliates will not use the Member information that we or they learn from our or from accessing the Gym Management System to compete directly with the Gym. Upon expiration or termination of this Agreement, we and our Affiliates reserve the right to make any and all disclosures and use the Member Information in any manner that we or they deem necessary or appropriate. You must secure from your members, prospective members and others all consents and authorizations, and provide them all disclosures, that applicable law requires to transmit the member Information to us and our Affiliates, and for us and our Affiliates to use that Member Information, in any manner that this Agreement contemplates.

(b) **Covenant Not to Compete**. You agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among the UFC GYM franchisees within the System if UFC GYM franchisees were permitted to hold interests in any Competitive Business.

(i) **In-Term**. You covenant that during the Term, except as we otherwise approve in writing, you will not, directly or indirectly:

1. Solicit or otherwise attempt to induce, by combining or conspiring with, or attempting to do so, or in any other manner influence any Business Associate to terminate or modify his, her or its business relationship with us or to compete against us;
2. As owner, officer, director, employee, agent, lender, broker, consultant, franchisee or in any other capacity be connected with the ownership, management, operation, control or conduct of a Competitive Business; or
3. Interfere with, disturb, disrupt, decrease or otherwise jeopardize our business or the business of any other UFC GYM Business.

(ii) **Post-Term**. Upon termination of this Agreement for any reason, you and your owners agree that, for 12 months beginning on the effective date of termination or expiration (or upon a transfer, as provided in Section 10.2 above), neither you nor any of your owners will (i) solicit or otherwise attempt to induce, by combining or conspiring with, or attempting to do so, or in any other manner influence any Business Associate to terminate or modify his, her or its business relationship with us or to compete against us; (ii) interfere with, disturb, disrupt, decrease or otherwise jeopardize our business or the business of any other UFC GYM franchisee; or (iii) have any direct or indirect interest (e.g., through a spouse) as an owner (whether of record, beneficially, or otherwise), investor, lender, partner, director, officer, employee, consultant, representative, broker or agent in any Competitive Business (as defined in Section

17.1), not including those business listed in Exhibit 4 located or operating:

1. at the Premises where the GYM is located;
2. within the Designated Territory;
3. within a 5-mile radius of the Premises; or within a 5-mile radius of any other UFC GYM Business in operation or in the process of opening on the later of the effective date of the termination, expiration or transfer of this Agreement.

For the avoidance of doubt, these restrictions also apply after transfers, as provided in Section 11.2(f)(xiii) above. If any person restricted by this Subsection refuses voluntarily to comply with these obligations, the 12-month period for that person will commence with the entry of a court order enforcing this provision. The 12-month period will be tolled, if applicable, for the period during which a restricted person is in breach of this Subsection and will resume when that person begins or resumes compliance. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcement of the covenants made in this Subsection will not deprive you of your personal goodwill or ability to earn a living.

(c) **Reasonableness of Covenant**. You agree that the length of the term and geographical restrictions contained in this Section are fair and reasonable and not the result of overreaching, duress or coercion of any kind. You agree that your full, uninhibited and faithful observance of each of the covenants in this Section will not cause any undue hardship, financial or otherwise, and that enforcement of each of the covenants in this Section will not impair your ability to obtain employment commensurate with your abilities and on terms fully acceptable to you or otherwise to obtain income required for the comfortable support of yourself and your family, and the satisfaction of your creditors. You agree that your special knowledge of the business of a UFC GYM Business (and anyone acquiring this knowledge through you) would cause us and the UFC GYM franchisees serious injury and loss if you (or anyone acquiring this knowledge through you) were to use this knowledge to the benefit of a competitor or were to compete with us or any of our other UFC GYM franchisees.

(d) **Court Modification**. If any court finally holds that the time or geographic scope or any other provision in this Section is an unreasonable restriction upon you, you agree that the provisions of this Agreement are not rendered void, but apply as to time and geographic scope or to any other extent as the court may judicially determine or indicate is a reasonable restriction under the circumstances involved.

Section 13.2 NO ORGANIZED MMA EVENTS, FIGHTING OR UNCONTROLLED SPARRING.

You covenant and agree that you will not, directly or indirectly, arrange, coordinate, schedule, host or otherwise permit any organized MMA events or any other events involving fighting or uncontrolled sparring at or around the GYM or otherwise involving the UFC GYM Businesses, the GYM, the Intellectual Property or the System.

Section 13.3 INDEPENDENT COVENANTS

The parties agree that the covenants in this Article are independent of any other provision of this Agreement. You agree that the existence of any claim you may have against us or any of our Affiliates, regardless of whether the claim is brought under this Agreement, is not a defense to our enforcement of these covenants.

ARTICLE 14- INDEPENDENT CONTRACTOR AND INDEMNIFICATION

Section 14.1 INDEPENDENT STATUS

You are an independent contractor and unless expressly provided to the contrary, nothing in this

Agreement is intended to designate either party an agent, legal representative, subsidiary, joint venture, joint employer, partner, employee, Affiliate or servant of the other party for any purpose. The parties agree that nothing in this Agreement authorizes either party to make any agreement, warranty or representation for the other party, nor to incur any debt or other obligation in the other party's name. You will take all affirmative action as we request to indicate that you are an independent contractor, including placing and maintaining a plaque in a conspicuous place within the Premises and a notice on all stationery, business cards, sales literature, contracts and similar documents that states that the GYM is independently owned and operated by you. The content of any plaque and notice is subject to our written approval.

Section 14.2 INDEMNIFICATION

You agree to indemnify, defend, and hold us, our Affiliates, and our and our Affiliates' respective shareholders, directors, officers, employees, agents, successors, and assignees (each an "**Indemnified Party**" and together the "**Indemnified Parties**") harmless against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the operation of the GYM, the business you conduct under this Agreement, or your breach of this Agreement.

For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, 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, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions.

In connection with any claim for which the Indemnified Parties are seeking indemnification, such Indemnified Party (a) shall give you prompt written notice of the claim; provided, however, that its failure to do so will not relieve you of your obligations under this provision except if and only to the extent that you are materially prejudiced thereby (such notice by the Indemnified Party shall describe the claim in reasonable detail, state the amount of the loss for which indemnification is sought, and shall include copies of all material written evidence thereof); (b) at your request and expense, shall cooperate with you and provide you with all reasonably necessary assistance, information and authority in connection with controlling, defending and settling the claim; (c) shall retain control the defense and settlement of the claim and have the right to select counsel of its choosing whose fees and costs shall be fully reimbursed by you within thirty (30) days of receipt.

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 any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this subparagraph. You agree 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 you under this subparagraph.

ARTICLE 15- TERM

Section 15.1 TERM

The Term of this Agreement is 10 years from the Agreement Date, unless sooner terminated under Article 11. The conditions to obtain a Successor UFC GYM Franchise Agreement at the expiration of this Agreement are those stated in Section 15.2.

Section 15.2 OPTION TO OBTAIN SUCCESSOR UFC GYM FRANCHISE AGREEMENT

(a) **Your Right to Acquire a Successor Franchise**. If you meet certain conditions, then you will have the option to acquire 2 successor franchise terms. Each of the 2 successor terms will be 5 years, for a total of 10 years. The qualifications and conditions for the first successor term are described below. The qualifications and conditions for each successor term will be described in the form of franchise agreement signed upon the expiration of this Agreement.

When this Agreement expires:

(i) if you (and each of your owners) are substantially in compliance with this Agreement; and

(ii) if you (and each of your owners) is, both on the date you give us written notice of your election to acquire a successor franchise (as provided in Section 15.2(b) below) and on the date on which the term of the successor franchise would commence, in full compliance with this Agreement and all System requirements;

(iii) provided that (a) you maintain possession of and agree (regardless of cost) to remodel and/or expand the GYM, add or replace services or UFC GYM Products, and otherwise modify the GYM as we require to comply with System requirements then applicable for new UFC GYM Businesses, or (b) at your option, you secure a substitute premises that we approve and you develop that premises according to our mandatory plans and specifications then applicable for UFC GYM Businesses; and

(iv) provided that you have maintained minimum Gross Revenues during the last 2 years of the Term of at least 80% of the "designated average" of Gross Revenues as required under Section 4.23, then you have the option to acquire a successor franchise term of 5 years commencing immediately upon the expiration of this Agreement. You agree to sign the franchise agreement we then use to grant franchises for UFC GYM Businesses (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from any and all of those contained in this Agreement, including a revised Designated Territory. You shall pay to us a renewal fee equal to 50% of the current applicable Initial Fee for a successor franchise. The renewal fee must accompany your written notice of your election to acquire a successor franchise as provided in Section 15.2(b) below.

If you (and each of your owners) are not, both on the date you give us written notice of your election to acquire a successor franchise and on the date on which the term of the successor franchise commences, in full compliance with this Agreement, you acknowledge that we need not grant you a successor franchise, whether or not we had, or chose to exercise, the right to terminate this Agreement during its term under Section 11.2.

(b) **Grant of a Successor Franchise**. You agree to give us written notice of your election to acquire a successor franchise at least 6 months but not more than 12 months before this Agreement expires. We agree to give you written notice ("**Franchisor's Notice**"), not more than 90 days after we receives your notice, of our decision:

(i) to grant you a successor franchise;

(ii) to grant you a successor franchise on the condition that you correct existing deficiencies in your operation of the GYM; or

(iii) not to grant you a successor franchise based on our determination that you and your owners have not substantially complied with this Agreement during its term or were not in full compliance with this

Agreement on the date you gave us written notice of your election to acquire a successor franchise.

If applicable, Franchisor's Notice will:

(a) describe the remodeling, expansion, improvements, and/or modifications required to bring the GYM into compliance with then applicable specifications for new UFC GYM Businesses; and

(b) state the actions you must take to correct operating deficiencies and the time period in which you must correct these deficiencies.

If we elect not to grant you a successor franchise, Franchisor's Notice will describe the reasons for our decision. If we elect to grant you a successor franchise, your right to acquire a successor franchise is subject to your full compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in Franchisor's Notice.

If Franchisor's Notice states that you must cure certain deficiencies of the GYM or its operation as a condition to our granting you a successor franchise, we will give you written notice of our decision not to grant a successor franchise, based upon your failure to cure those deficiencies, not less than 90 days before this Agreement expires, provided, however, that we need not give you this 90 days' notice if we decide not to grant you a successor franchise due to your breach of this Agreement during the 90 day period before it expires. If we fail to give you:

(a) notice of deficiencies in your operation of the GYM, within 90 days after we receive your timely election to acquire a successor franchise (if we elect to grant you a successor franchise under subparagraphs (2) and (b) above); or

(b) notice of our decision not to grant a successor franchise at least ninety (90) days before this Agreement expires, if this notice is required,

We may extend this Agreement's term for the time period necessary to give you either reasonable time to correct deficiencies or the 90 days' notice of our refusal to grant a successor franchise. If you fail to notify us of our election to acquire a successor franchise within the prescribed time period, we need not grant you a successor franchise.

(c) **Agreements/Releases**. If you satisfy all of the other conditions for a successor franchise, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we then customarily use in granting franchises for UFC GYM Businesses (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from any and all of those contained in this Agreement. You and your owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors, and assigns. We will consider your or your owners' failure to sign these agreements and releases and to deliver them to us for acceptance and execution within 10 days after their delivery to you to be an election not to acquire a successor franchise.

(d) **Our Right Not to Renew**. If you have not met all of the conditions stated in Sections 15.2(a)-(c), we may elect not to enter into a Successor UFC GYM Franchise Agreement. If, within 5 days of notice from us that you have elected not to enter into a Successor UFC GYM Franchise Agreement, you request our permission for you to sell the GYM, then for a 180-day period following this notice (this notice will extend the Term, as necessary, to the end of the 180-day period, unless we have grounds to otherwise terminate the Term), we will permit you to sell the GYM to a purchaser subject to our right of first refusal. This transfer must be in compliance

with the provisions of Section 10.2 and all the other applicable terms of this Agreement. During this period, you must continue to operate the GYM.

We have the unrestricted right to determine whether or not we intend to continue awarding franchises and maintain a franchise program in your state. If we announce such a determination and do not open or award franchises in your state for 12 months after the date of such announcement (provided that we will have the right to award renewal or successor franchises where an older form of Franchise Agreement or otherwise requires us to do so, and/or continue to service existing UFC GYM Businesses under outstanding agreements), then we will not be required to offer you any successor franchise, or renewal or similar rights and will have no liability or obligation to you with respect thereto. You agree that if any statute or court decision requires "good cause" (or any similar standard) for non-renewal, compliance by us with the provisions of this subsection will be considered by you and us to be good cause.

Section 15.3 REINSTATEMENTS AND EXTENSIONS

If any termination or expiration of the Term would violate any Applicable Law, we may reinstate or extend the Term for the purpose of complying with the law, for the duration provided by us in a written notice to you, without waiving any of our rights under this Agreement or otherwise modifying this Agreement.

ARTICLE 16- DISPUTE RESOLUTION

You and we believe that it is important to resolve all disputes effectively and professionally and to return to business as soon as possible. You and we agree that the provisions of this Article 16 support these business objectives and, therefore, agree to comply with the Sections below.

Section 16.1 MEDIATION

Except as otherwise provided herein, all claims or disputes between us and you arising out of or in any way relating to, this Agreement or any other agreement by and between us and you must be submitted first to non-binding mediation administered by the American Arbitration Association ("**AAA**") in accordance with its Commercial Mediation Rules, before resorting to arbitration, litigation, or some other dispute resolution procedure. Such mediation shall take place before a sole mediator at a location designated by us within ten (10) miles of our principal business address, which is currently located in Orange County, California. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between you and us. The parties hereto agree that mediation shall not be required with respect to: (a) any claim or dispute involving any payment obligation of yours that is past due; (b) any claim or dispute involving actual or threatened disclosure or misuse of our confidential information; (c) any claim or dispute involving the ownership, validity, or use of the Trademarks; (d) any claim or dispute involving the insurance or indemnification provisions of this Agreement; (e) any claim or dispute involving a non-curable default; (f) any claim or dispute involving your failure to comply with our System standards; or (g) any action by us to enforce the covenants set forth in Section 13 of this Agreement.

Section 16.2 ARBITRATION

You and we agree that all controversies, disputes, or claims between us and our Affiliates, and our and their respective shareholders, officers, directors, agents, and/or employees, and you (and/or your owners, guarantors, Affiliates, and/or employees) arising out of or related to:

1. this Agreement or any other agreement between you and us;
2. our relationship with you;
3. the scope and validity of this Agreement or any other agreement between you and us or any provision

of such agreements (including the validity and scope of the arbitration obligations under this Section, which the parties acknowledge is to be determined by an arbitrator and not a court); or

4. any of our System requirements for the operation of the GYM; which are not settled by mediation under Section 16.1 hereof must be submitted for binding arbitration, on demand of either party, to the AAA. The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the then current commercial arbitration rules of the AAA. All proceedings will be conducted at a suitable location chosen by the arbitrator within ten (10) miles of our principal business address, which is currently located in Orange County, California. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrator may not declare any Trademark generic or otherwise invalid or, except as expressly provided in Section 16.7 below, award any punitive or exemplary damages against either party (we and you hereby waiving to the fullest extent permitted by law, except as expressly provided in Section 16.7 below, any right to or claim for any punitive or exemplary damages against the other).

You and we agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under Applicable Law or this Agreement, whichever expires earlier. You and we further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with Section 16.5.

You and we agree that arbitration will be conducted on an individual, not a class wide, basis and that an arbitration proceeding between us and our Affiliates, and our and our Affiliates' respective shareholders, officers, directors, agents, and/or employees, and you (and/or your owners, guarantors, Affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between us and any other person. Notwithstanding the foregoing or anything to the contrary in this Section or Section 18.7, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 16.2, then the parties agree that this arbitration clause shall not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this Section 16 (excluding this Section 16.2).

Despite our and your agreement to arbitrate, we and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that you and we must contemporaneously submit the dispute for arbitration on the merits as provided in this Section.

The provisions of this Section are intended to benefit and bind certain third party non- signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

Section 16.3 EXCEPTIONS TO ARBITRATION; EQUITABLE RELIEF

(a) The obligation to mediate or arbitrate is not binding on either party for claims involving the Intellectual Property; claims involving any lease of real property between the parties or their related entities;

matters involving actions that may impair the goodwill associated with the Intellectual Property; or matters involving claims of danger, health or safety involving the you or the GYM.

(b) You recognize that the GYM is intended to be one of a large number of UFC GYM Businesses identified by the Intellectual Property in selling to the public the products and services associated with the Intellectual Property, and that the failure on the part of a single franchisee to comply with the terms of his or her franchise agreement is likely to cause irreparable damage to us and damages at law would be an inadequate remedy. You agree that upon your breach or threatened breach of any of the terms of this Agreement concerning any matters referenced in Subsection 16.3(a), we are entitled to seek an injunction restraining the breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and costs incurred in obtaining equitable relief. This equitable remedy is in addition to all remedies that we have by virtue of your breach of this Agreement. We are entitled to seek this relief without the posting of any bond or security or, if a bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of $1,000 is a sufficient bond.

Section 16.4 JURISDICTION AND VENUE

The parties irrevocably and unconditionally (i) agree that any mediation, arbitration or lawsuit, legal action or legal proceeding involving the GYM or this Agreement and us, will be conducted in the county where our principal place of business is then-located (currently, Orange County, California) or may be brought in the District Court of the United States, in the district where our principal place of business is then located or, if this court lacks jurisdiction, the courts of record of the state and county where our principal place of business is then located; (ii) consent to the jurisdiction of each court in any suit, action or proceeding; (iii) waive any objection that he, she or it may have to the laying of venue of any suit, action or proceeding in any of these courts; and (iv) agree that service of any court paper may be effected on the party by mail at the last known address, as provided in this Agreement, or in any other manner as may be provided under Applicable Laws or court rules in the state where our principal place of business is then located.

You and we have selected this location for the resolution of our disputes based upon practical business realities, such as (1) the fact that relevant business records, and many of our personnel (who may be critical as witnesses or otherwise available to assist in resolution of the dispute), will generally be located at our then current headquarters and (2) you and we have a shared interest in avoiding inconsistent legal resolutions in multiple jurisdictions, which could adversely affect the consistent operation of UFC GYM Businesses and our day-to-day affairs. See any addendums or riders to this Agreement that may modify this Section pursuant to your applicable state law.

Section 16.5 ENFORCEMENT COSTS

If any mediation, arbitration, legal action or other proceeding is begun for the enforcement of this Agreement, or for an alleged dispute, breach, default or misrepresentation under any term of this Agreement, the prevailing party is entitled to recover reasonable pre- institution and post-institution attorneys' fees, court costs and all expenses even if not taxable as court costs (including all fees and expenses incident to mediation, arbitration, appellate, bankruptcy and post-judgment proceedings), incurred in the action or proceeding, in addition to any other relief that the party is entitled. Attorneys' fees include paralegal fees, administrative costs, investigative costs, costs of expert witnesses, court reporter fees, sales and use taxes, if any, and all other charges billed by the attorneys to the prevailing party. If we engage a collection agency or legal counsel for your failure to pay when due any monies owed under this Agreement or submit when due any reports, information or supporting records, or for any failure otherwise to comply with this Agreement, you must reimburse us on demand for all of the above-listed expenses we incur.

Section 16.6 GOVERNING LAW

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 *et seq*. or the United States Arbitration Act, 9 U.S.C. §§ 1 *et seq*.), this Agreement and any other agreement between the parties and all transactions contemplated by this Agreement and all disputes between the parties are governed by the laws of the State of California without regard to principles of conflicts of laws. However, any dispute regarding the enforceability of the post-term covenant not to compete will be governed under the laws of the State in which the GYM is located. See any addendums or riders to this Agreement that may modify this Section pursuant to your applicable state law.

Section 16.7 WAIVER OF PUNITIVE DAMAGES CLAIMS

EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION 14.2, AND EXCEPT FOR PUNITIVE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, AND THE LIQUIDATED DAMAGES PROVISIONS SET FORTH IN THIS AGREEMENT, WE AND YOU (AND YOUR 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 YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

Section 16.8 WAIVER OF JURY TRIAL

THE PARTIES WAIVE THE RIGHT TO A TRIAL BY JURY OF ALL CLAIMS MADE BETWEEN THEM WHETHER EXISTING NOW OR IN THE FUTURE, INCLUDING ALL CLAIMS, DEFENSES, COUNTERCLAIMS, CROSS CLAIMS, THIRD PARTY CLAIMS AND INTERVENOR'S CLAIMS INVOLVING THE SALE, NEGOTIATION, SIGNING OR PERFORMANCE OF THE TRANSACTIONS INVOLVING THIS AGREEMENT.

Section 16.9 LIMITATIONS PERIOD

EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY AGREEMENT RELATED TO THIS AGREEMENT OR EXECUTED CONCURRENTLY HEREWITH OR THE RELATIONSHIP OF THE PARTIES HERETO, SHALL BE BARRED UNLESS A JUDICIAL PROCEEDING IS COMMENCED WITHIN TWO (2) YEARS FROM THE DATE THE COMPLAINING PARTY KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO SUCH A CLAIM.

ARTICLE 17- DEFINITIONS

Section 17.1 DEFINITIONS

As used in this Agreement, the Exhibits attached to this Agreement and any other document signed incidental to this Agreement and any exhibits to those documents, the following terms have the following meanings:

"**Affiliate**" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. "Control" means the power to direct or cause the direction of management and policies.

"**Agreement**" means this UFC GYM Franchise Agreement, as it may be amended, supplemented or otherwise

modified by an agreement in writing signed by you and us under Section 18.1.

"**Agreement Date**" means the date of signing this Agreement.

"**Applicable Law**" means any transnational, domestic or foreign federal, state or local statute, law, ordinance, rule, regulation, code, order or other requirement or rule of law, including common law, and shall include any rules, regulations, guidelines, or other requirements of international, national and state trademark, patent and copyright offices and of other governmental authorities, that may be in effect from time to time in the Designated Territory, to the extent applicable.

"**Business Associate**" means any of our agents, consultants, representatives, contractors, suppliers, distributors, franchisees or other business contacts.

"**Business Day**" means a day other than Saturday, Sunday or a U.S. national holiday. Any time period ending on a Saturday, Sunday or U.S. national holiday will be extended until 5:00 p.m. on the next Business Day.

"**Commissions**" means the athletic commissions of the State of Nevada and any other jurisdictions.

"**Competitive Business**" means (i) a business that is engaged, wholly or partially, directly or indirectly, in boxing and fitness training; (ii) any business granting franchises or licenses to others to operate the type of business specified in subpart (i) (other than a UFC GYM Business operated under a franchise agreement with us); or (iii) any promoter of any (a) mixed martial arts or martial arts events, other than The Ultimate Fighting Championship, (b) "pro wrestling" or similar staged fighting events, (c) professional or amateur boxing events, or (d) other combative sports events as reasonably determined by us. By way of example, a Competitive Business, shall include, without limitation, the organizations set forth in Exhibit 4, as such Exhibit may be modified from time to time by Franchisor in its sole discretion.

"**Confidential Information**" means all information, knowledge, know-how, processes and technologies that we designate as confidential, proprietary or trade secrets. Confidential Information includes, but not limited to, the Manuals and UFC GYM Products, equipment design, instruction programs, videocassettes, web page design, customer lists and computer programs.

"**Cooperative**" means the regional advertising cooperative described in Section 7.2.

"**Designated Average**" means the average Gross Revenues of all similar UFC GYM franchisees within the System who have been in operation for a least one full calendar year.

"Designated Territory" refers to the territory identified in the Data Sheet or Site Selection Addendum.

"**Designee**" means one or more of our representatives who are independent contractors and are appointed by us to perform certain of our duties under this Agreement as described in Article 2.

"**Design Specifications**" means the specifications described in Section 2.2.

"**Enforcement Costs**" means the costs described in Section 16.5.

"**Event of Default**" means any breach of this Agreement, including those situations described in Sections 1.4(a), 1.4(c), 3.4, 10.2(a), 10.2(d), 11.1, 11.2 and 11.3, assuming any requirement for the giving of notice, the lapse of time, or both, or any other condition is satisfied.

"**Franchise**" has the meaning described in Section 1.1.

"**Governmental Authority**" means any transnational, domestic or foreign federal, state or local, Governmental Authority, department, court, agency or official, including any political subdivision thereof.

"**Gross Revenues**" means all revenue that you derive from operating the GYM and the sale of Trademarked Product Lines and other merchandise, products or services to customers of Franchisee, whether or not the product is sold or the services performed at or from the Franchise location, including, but not limited to, all private coaching sessions sold and all amounts that you receive at or away from the Premises, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions, but (1) excluding all federal,

state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority and (2) reduced by the amount of any documented refunds, credits, allowances, and charge-backs the GYM in good faith gives to customers.

"**GYM**" has the meaning described in Section 1.1.

"**Initial Fee**" means the fee described in Subsection 3.1(a).

"**Initial Training**" means the training described in Subsection 2.7(a).

"**Intellectual Property**" means the Trademarks, Trade Secrets, Trade Dress, any patents, the Confidential Information and copyrighted information of ours or our Affiliates that you are entitled to use under this Agreement.

"**License Agreement**" means the License Agreement between Zuffa and us dated December 31, 2012.

"**Licensed Rights**" means the Trademarks and all other intellectual property rights related to the forgoing, derived from the forgoing, and/or authorized for your use by us and Zuffa as part of the System pursuant to the License Agreement, including without limit any patents, service marks, trade names, logos and commercial symbols.

"**Local Advertising**" means advertising and promotion you undertake in media directed primarily in your Designated Territory, or local market area including television, radio, newspapers, magazines, billboards, posters, handbills, direct mail, yellow pages, sports program booklet advertising, church bulletins, collateral promotional and novelty items (for example, matchbooks, pens and pencils, bumper stickers, calendars) that prominently display the Intellectual Property, advertising on public vehicles including cabs and buses, the cost of producing materials necessary to participate in these media and agency commissions on the production of the advertising and amounts paid to an approved regional advertising cooperative or to a merchant's association for advertising where you are a member. Local Advertising does not include payments to the Marketing Fund nor payments for permanent on-premises signs (except for interior graphics and promotional materials), lighting, purchasing or maintaining vehicles even though the vehicles display in some manner the Intellectual Property (except the cost of the materials displayed are included), contributions, sponsorships (unless the Intellectual Property are prominently displayed by the group or activity receiving the contribution or sponsorship), premium or similar offers including discounts, price reductions, special offers, free offers and sweepstake offers (except that the media costs associated with promoting the premium offers are included), employee incentive programs and other similar payments that we may determine in our sole discretion should not be included in determining whether you have met your obligation for Local Advertising.

"**Manager**" means the Managing Owner, unless we otherwise agree in writing.

"**Managing Owner**" means: (i) if you are an individual, it means you; (ii) if you are a privately held corporation, the individual who owns a majority of the voting and ownership interests in the corporation; (iii) if you are a partnership, the individual who is, or owns a majority of the voting and ownership interests in an entity that is a general partner of the partnership; and (iv) if you are a limited liability company, the individual who owns the majority of the membership interests in the company.

"**Manuals**" means all manuals produced by, or for the benefit of, us and provided to you and any revisions prepared for the internal use of the System relating to the operation and management of the GYM. The Manuals may consist of printed text, computer disks, other electronically stored media, and videotapes.

"**Marketing Contributions**" means the payments described in Subsection 3.1(c) and defined in Section 7.5, which are payments made to the Marketing Fund.

"**Marketing Fund**" means the fund described in Section 7.5 that Marketing Contributions will be deposited for use in regional and national marketing activities to promote the System.

"**Materials**" means any material or content bearing or referencing any of the Trademarks (in whole or part).

"**Notice of Default**" means the notices described in Sections 11.2 and 11.3.

"**Opening Date**" means the date the GYM is first opened for business to the general public. It is also sometimes

referred to as Soft Opening.

"Owners" means any person who owns any equity interest in an entity that serves as the Franchisee.

"**Payment System**" means the system created by you to make payments to us as described in Section 3.3.

"**Premises**" means the entire real property, either owned or leased by you, where the GYM will be located, as described in the Data Sheet or Site Selection Addendum.

"Pre-Sale Memberships" means the membership sales program in the weeks or months before your Opening Date.

"**Quality Standards**" means high standards of such style, appearance and quality as to be adequate and suited to the exploitation to the best advantage, and to the protection and enhancement, of the Trademarks, and the goodwill pertaining thereto, and shall comply with Applicable Law.

"**Regulatory Problem**" means any circumstances such that the relationship between us and you or any of your owners or Affiliates is deemed likely, based on a verbal or written statements or other verifiable information received from the Commissions (or any committee thereof), and any other gaming or athletic authority, to preclude or materially delay, impede, jeopardize or impair the ability of Zuffa, its Affiliates or any of their officers, owners, members, managers, employees or affiliates to obtain or retain any gaming or athletic license or to be in good standing in the applicable jurisdiction, or such as may result in the imposition of materially burdensome terms and conditions on Zuffa, its Affiliates or any of their officers, owners, members, employees or affiliates or any such gaming or athletic license held by them, or such as could subject Zuffa, its Affiliates or any of their officers, owners, members, managers, employees or affiliates to any disciplinary proceedings by any Commission or other gaming or athletic authority, or such as would constitute a violation of the gaming or athletic laws.

"**Royalty Fee**" means the fee described in Subsection 3.1(b).

"**Search Area**" means the geographic area where you will undertake your site selection process to submit proposed sites for our approval in accordance with our site approval process. The Search Area will be defined in a Site Selection Addendum and will exclude any territory of another UFC GYM Business that is already in operations in the Search Area. You have no exclusive rights to the Search Area.

"**Successor Term**" means the term of the Successor UFC GYM Franchise Agreement.

"**Successor UFC GYM Franchise Agreement**" means the form of franchise agreement for new UFC GYM franchisees at the time you elect to enter into an agreement in accordance with Section 15.2.

"**System**" has the meaning provided in the Background section above. The System includes specific standards and procedures and the Intellectual Property that may be changed.

"**Term**" means the term of the Agreement described in Section 15.1.

"**Trade Dress**" means the design, decoration, layout, equipment, furniture, fixtures and signs utilized in UFC GYM Businesses.

"**Trade Secrets**" means the Confidential Information.

"**Trademarks**" has the meaning provided in the Background section above.

"**Trademark Usage Guidelines**" means, collectively, those rules, regulations, specifications and guidelines governing the depiction and presentation of the Trademarks, which are from time to time provided to you by us, which may be modified from time to time by us upon appropriate advance written notice.

"**Trainees**" means the persons approved by us who attend Initial Training.

"**Transfer Fee**" means the fee described in Section 10.2.

"**UFC GYM Business(es)**" has the meaning provided in the Background section above.

"**UFC GYM Domain Name**" means a domain name incorporating any Trademarks or any variation of any Trademarks.

"**UFC GYM Products**" means boxing and fitness equipment and supplies manufactured by us, and all other equipment, supplies and other products that are manufactured for us and our UFC GYM franchisees, under the Trademarks.

"**UFC Participants**" means specific individuals and athletes who compete or participate in The Ultimate Fighting Championship or other Zuffa owned, managed, sponsored or affiliated events.

"**Unique Consideration**" means the consideration described in Subsection 10.5(d).

"**Website**" means any interactive electronic document contained in a network of computers linked by communications software, which you operate or authorize others to operate, and that refers to UFC GYM Businesses, the GYM, the Intellectual Property or the System. The term Website also includes the Internet and World Wide Web home pages.

Section 17.2 OTHER DEFINITIONAL PROVISIONS

(a) All of the words or terms defined in this Agreement have these defined meanings when used in other documents issued under or delivered under this Agreement unless the context otherwise requires or unless specifically otherwise defined in the other document; and

(b) The term "**person**" includes any corporation, limited liability company, partnership, estate, trust, association, branch, bureau, subdivision, venture, associated group, individual, Governmental Authority, institution, instrumentality and other entity, enterprise, association or endeavor of every kind.

(c) References in this Agreement to "**we**," "**us**," and "**our**," with respect to all of our rights and all of your obligations to us under this Agreement, include any of our Affiliates with whom you deal.

(d) If two or more persons are at any time the owners of the GYM, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several. References to "**owner**" mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Agreement and the GYM or an ownership interest in you), including, without limitation, any person who has a direct or indirect interest in you (or a transferee), this Agreement, or the GYM and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets.

ARTICLE 18- GENERAL PROVISIONS

BE SURE YOU READ THE FOLLOWING ARTICLE 18 CAREFULLY. IT IS IMPORTANT AND IT IS IN THIS AGREEMENT TO MAKE SURE THAT NEITHER YOU NOR WE HAVE ANY MISUNDERSTANDINGS.

Section 18.1 AMENDMENTS

Except as stated in this Agreement, the provisions of this Agreement cannot be amended, supplemented, waived or changed orally, except by a written document signed by the party against whom enforcement of any amendment, supplement, waiver or modification is sought and making specific reference to this Agreement. Only

our President has the authority to sign an amendment for us. This Section is expressly limited by the terms of Sections 18.2 and 18.6.

Section 18.2 MODIFICATION OF THE SYSTEM

YOU AGREE THAT AFTER THE AGREEMENT DATE WE MAY MODIFY THE SYSTEM. YOU AGREE TO ACCEPT AND BE BOUND BY ANY MODIFICATIONS IN THE SYSTEM AS IF THEY WERE PART OF THIS AGREEMENT AT THE TIME OF SIGNING OF THIS AGREEMENT. YOU WILL MAKE ALL EXPENDITURES, UPGRADES AND MODIFICATIONS OF THE SYSTEM, AS WE REQUIRE SUBJECT TO THE CAPITAL EXPENDITURE LIMITATION CONTAINED IN SECTION 4.20.

Section 18.3 BINDING EFFECT

The provisions of this Agreement are binding upon, benefit and are enforceable by the parties and their respective personal representatives, legal representatives, heirs, successors and permitted assigns.

Section 18.4 NOTICES

All notices, requests, consents and other communications required or permitted under this Agreement must be in writing (including telex, telecopied and telegraphic communication) and must be (as elected by the person giving the notice) hand delivered by messenger or courier service, telecopied, telecommunicated, or mailed (airmail if international) by registered or certified mail (postage prepaid), return receipt requested, addressed to:

If to us:

UG Franchise Operations, LLC
Attn: UFC Gym Legal Department
4160 Temescal Canyon Road, Suite 112
Corona, CA 92883

If to you: The address listed on the signature page hereto.

or to any other address any party designates by notice complying with the terms of this Section. Each notice is deemed delivered: (a) on the date delivered if by personal delivery; (b) on the date of transmission with confirmed answer back if by telex, telefax or other telegraphic method; and (c) on the date the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable if mailed.

Section 18.5 HEADINGS

The headings and subheadings in this Agreement are for convenience of reference only, are not to be considered a part of this Agreement and will not limit or otherwise affect in any way the meaning or interpretation of this Agreement.

Section 18.6 ACKNOWLEDGMENTS AND REPRESENTATIONS

(a) You and we agree that your and our relationship is not a fiduciary or similar special relationship, but is only an ordinary commercial relationship between independent business people with arm's length dealings.

(b) You and we expressly acknowledge and agree that the provisions of Article 16 (whether relating to binding arbitration, waiver of jury trial, venue, limitations on damages, prohibition against multiple plaintiff-class actions, shortened statutes of limitation, and/or otherwise) may require you to travel to a distant location to

resolve a dispute, expend additional funds, and/or raise challenges for you and/or us in prosecution of claims/actions. You and we view these provisions in the context of a diverse franchise system with franchisees having extensive or limited financial resources, sophisticated and unsophisticated participants, and that requires uniformity and predictability to effectively operate. As such, you and we knowingly accept such provisions and limitations as justified by business necessities and representative of a reasonable balancing of your and our interests, and those of the UFC GYM® System as a whole, and not as unfair or burdensome.

(c) You and we each (respectively) represent, warrant and agree that no contingency, prior requirement, or otherwise (including but not limited to obtaining financing) exists with respect to you or us fully performing any or all of your or our obligations under this Agreement. You further represent to us, as an inducement to our entering into this franchise relationship, that you have made no misrepresentations or material omissions in obtaining the Franchise.

(d) You and we agree that this Agreement is a fully integrated agreement and contains the final, complete and exclusive expression of the terms of our agreement, together with but not limited to the personal guarantee, Statement of Prospective Franchisee, addenda, exhibits, releases and any other document relating to the UFC GYM franchise (collectively, the "**Related Documents**") and supersedes all other agreements and/or representations of any kind or nature. Any understandings, agreements, representations, or otherwise (whether oral or written) which are not fully expressed in this Agreement and the Related Documents are expressly disclaimed by you and us, including but not limited to any promises, options, rights of first refusal, guarantees, and/or warranties of any nature, excepting only the written representations made by you in connection with your application for this franchise and provided that nothing in this Agreement, or any related agreement, is intended to disclaim or require you to waive reliance on any representation made in the Disclosure Document. Neither you nor we believe it to be fair or reasonable for the other party to have to deal with allegations about understandings, representations, etc. not fully expressed in writing in this Agreement. Where this Agreement (or anything else) indicates that we (and/or any Affiliate or Designee of ours) or you may or can do something, the meaning is permissive and we (and/or the Affiliate or Designee of ours) or you will not be required to do that thing.

(e) **IN ADDITION, WE MAKE NO WARRANTY AS TO YOUR ABILITY TO OPERATE THE GYM IN THE JURISDICTION WHERE THE GYM IS TO BE OPERATED. IT IS YOUR OBLIGATION TO SEEK OR OBTAIN ADVICE OF COUNSEL SPECIFICALLY ON THIS ISSUE. IF LEGISLATION ENACTED BY, OR REGULATION OF, ANY GOVERNMENTAL BODY PREVENTS YOU FROM OPERATING THE GYM, WE ARE NOT LIABLE FOR DAMAGES NOR REQUIRED TO INDEMNIFY YOU OR TO RETURN ANY MONIES RECEIVED FROM YOU.**

Section 18.7 SEVERABILITY

(a) If any provision of this Agreement or any other agreement entered into under this Agreement is contrary to, prohibited by or invalid under Applicable Law or regulation, that term only will be inapplicable and omitted to the extent so contrary, prohibited or invalid, but the remainder of this Agreement will not be invalidated and will be given full effect so far as possible. If any provision of this Agreement may be construed in two or more ways, one that would render the term invalid or otherwise voidable or unenforceable and another that would render the term valid and enforceable, that provision has the meaning that renders it valid and enforceable.

(b) If any Applicable Law of any jurisdiction requires a greater notice of the termination of or non-renewal of this Agreement (if permitted) than is required under this Agreement, or the taking of some other action not required under this Agreement, or if under any Applicable Law of any jurisdiction, any term of this Agreement or any of our requirements is invalid or unenforceable, the notice and/or other action required by that law will be substituted for the comparable provisions of this Agreement. We have the right, in our sole discretion, to modify any invalid or unenforceable requirement to the extent required to be valid and enforceable. Any modification to this Agreement will be effective only in that jurisdiction, unless we elect to give the modification greater

applicability, and this Agreement will be enforced as originally made and entered into in all other jurisdictions.

Section 18.8 WAIVERS

The failure or delay of any party at any time to require performance by another party of any term of this Agreement, even if known, will not affect the right of that party to require performance of that provision or to exercise any right or remedy under this Agreement. Any waiver by any party of any breach of any term of this Agreement is not a waiver of any continuing or later breach of that term, a waiver of the term itself, or a waiver of any right or remedy under this Agreement. No notice to or demand on any party in any case, of itself, entitles that party to any other notice or demand in similar or other circumstances.

Section 18.9 REMEDIES CUMULATIVE

Except as otherwise stated in this Agreement, no remedy in this Agreement for any party is intended to be exclusive of any other remedy. Each remedy is cumulative and is in addition to every other remedy given under this Agreement, now or later existing, at law, in equity, by statute or otherwise. No single or partial exercise by any party of any right or remedy under this Agreement precludes any other exercise of any other right or remedy.

Section 18.10 EFFECTIVENESS; COUNTERPARTS

This Agreement is not effective or binding and enforceable against us until it is accepted by us at our home office in Newport Beach, California and signed by our President. You are advised not to incur any expenses for opening the GYM until you have received a final signed copy of this Agreement from our home office. This Agreement may be signed in counterparts, each is deemed an original, but together are the same instrument. Confirmation of signing by telex, telecopy, or telefax of a facsimile signature page is binding upon any party to the confirmation.

Section 18.11 REASONABLENESS

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated, or completed actions that require our approval in our sole discretion.

Section 18.12 SURVIVAL

All of the parties' obligations that expressly or by their nature survive the expiration or termination of this Agreement continue in full force after the transfer, expiration or termination of this Agreement until they are satisfied or by their nature expire.

Section 18.13 FORCE MAJEURE

Neither party is liable for loss or damage or is in breach of this Agreement if the failure to perform the obligations results solely from the following causes beyond his, her or its reasonable control, specifically: (a) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material, or energy; (b) compliance with any applicable law; or (c) war, strikes, natural disaster or acts of God. Any delay resulting from any of these causes extends performance accordingly or excuses performance as may be reasonable, except that these causes do not excuse payments of amounts owed to us for any reason.

Section 18.14 THIRD PARTIES

Except as provided in this Agreement to the contrary for any Affiliates or other UFC GYM franchisees, nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under this Agreement on any persons (including other UFC GYM franchisees) other than the parties and their respective personal representatives, other legal representatives, heirs, successors and permitted assigns. Except as provided in this Agreement to the contrary for any Designee of us, nothing in this Agreement is intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor will any provision give any third persons any right of subrogation or action over or against any party to this Agreement.

Section 18.15 ENTIRE AGREEMENT

This Agreement, its Exhibits and all other written agreements involving this Agreement and expressly referenced in this Agreement, represent the entire understanding and agreement between the parties on the subject matter of this Agreement and supersede all other negotiations, understandings and representations, if any, made between the parties. No representations, inducements, promises or agreements, oral or otherwise, if any, not embodied in this Agreement, its Exhibits and all other written agreements concerning this Agreement and expressly referenced in this Agreement are of any effect. Notwithstanding the foregoing, nothing in this Agreement or any related agreement between Franchisee and Franchisor is intended to disclaim the representations made by Franchisor in its Franchise Disclosure Document.

Section 18.16 COMPLIANCE WITH ANTI-TERRORISM LAWS

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "**Anti-Terrorism Laws**" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Section 11.2 above.

Section 18.17 ELECTRONIC MAIL

You acknowledge and agree that exchanging information with us by e-mail is efficient and desirable for day-to-day communications and that we and you may utilize e-mail for such communications. You authorize the transmission of e-mail by us and our employees, vendors, and Affiliates ("**Official Senders**") to you during the term of this Agreement.

You further agree that: (a) Official Senders are authorized to send e-mails to those of your employees as you may occasionally authorize for the purpose of communicating with us; (b) you will cause your officers, directors, and employees to give their consent to Official Senders' transmission of e-mails to them; (c) you will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is affiliated with you; and (d) you will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the term of this Agreement.

The consent given in this Section 18.17 shall not apply to the provision of notices by either party under this Agreement pursuant to Section 18.4 using e-mail unless the parties otherwise agree in a written document manually signed by both parties.

IN WITNESS WHEREOF, the parties have duly signed this Agreement.

FRANCHISEE	**FRANCHISOR**
	UG FRANCHISE OPERATIONS, LLC
By: _____	**By: _____**

UG FRANCHISE OPERATIONS, LLC EXHIBIT 1

OWNER'S GUARANTY AND ASSUMPTION OF BUSINESS ENTITY FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution by UG Franchise Operations, LLC, a California limited liability company, ("**Franchisor**") of a franchise agreement of even date herewith (the "**Agreement**") between Franchisor and_____, a(n) _____ (*state of formation*)_____(*type of entity: LLC, LLP, corporation, etc*.) (the "**Business Entity Franchisee**"), each of the undersigned hereby personally and unconditionally, jointly and severally:

2. guarantees to Franchisor, its Affiliates, the Franchisor-Related Persons/Entities (as defined in the Agreement) and each of their successors and assigns, for the term of the Agreement, and for any renewal/successor franchise term, and thereafter as provided in the Agreement, that the Business Entity Franchisee will punctually pay and perform, each and every undertaking, agreement and covenant set forth in the Agreement, as currently set forth and as amended and/or otherwise changed in the future, including any successor franchise agreement;

3. agrees to be personally bound by, and personally liable for, the breach of, each and every provision in the Agreement (including all confidentiality, non-competition, indemnity and Post Termination Provisions), as currently set forth and as amended or otherwise changed in the future, including any successor franchise agreement; and

4. agrees to be personally bound by, and personally liable for, each past, current and/or future obligation of the Business Entity Franchisee to Franchisor, its Affiliates, the Franchisor-Related Persons/Entities and each of their successors and assigns.

The undersigned intending that the guarantees and other obligations herein be unqualifiedly general and without limitation in scope, nature and/or effect. Franchisor, and/or its Affiliates, the Franchisor-Related Persons/Entities and each of their successors and assigns, need not bring suit first against the undersigned in order to enforce this guarantee and may enforce this guarantee against any or all of the undersigned as it chooses in its/their sole and absolute discretion.

Each of the undersigned waives: presentment, demand, notice of demand, dishonor, protest, nonpayment, default and all other notices whatsoever, including (without limitation): acceptance and notice of acceptance, notice of any contracts and/or commitments, notice of the creation and/or existence of any liabilities under the Agreement or otherwise and of the amounts, terms or otherwise thereof; notice of any defaults, disputes or controversies between the Franchisor and the Business Entity Franchisee or otherwise, and any settlement, compromise or adjustment thereof; any right the undersigned may have to require that an action be brought against Franchisor, Business Entity Franchisee or any other person as a condition of liability, and any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that:

5. his or her direct and immediate liability under this guaranty will be joint and several;

6. he and/or she will render any payment or performance required under the Agreement on demand if the Business Entity Franchisee fails or refuses to do so punctually;

7. such liability will not be contingent or conditioned on pursuit by Franchisor or otherwise of any remedies against the Business Entity Franchisee or any other person;

8. such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor or otherwise may from time-to- time grant to the Business Entity Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable during the term of the Agreement and any renewal/successor franchise term;

9. the liabilities and obligations of the undersigned, whether under this document or otherwise, will not be diminished or otherwise affected by the Termination, rescission, expiration, renewal, award of a successor franchise, modification or otherwise of the Agreement;

10. terms not defined in this document shall have the meanings assigned in the Agreement; and

11. the provisions of Articles 16 through 18 of the Agreement are incorporated in and will apply to this document as if fully set forth herein and shall apply to any dispute involving the Franchisor, its Affiliates and each of their successors and assigns and any of the undersigned.

In connection with such guarantee and the Franchisor either (a) not requiring that the Franchise be initially awarded in the name of one or more of the Guarantors and/or (b) not requiring the payment of a full transfer fee in connection with any related transfer from the undersigned to the Business Entity Franchisee, each of the undersigned hereby grants a General Release of any and all claims, liabilities and/or obligations, of any nature whatsoever, however arising, known or unknown, against the Franchisor, its Affiliates, the Franchisor-Related Persons/Entities and each of their successors and assigns.

For purposes of this guarantee, "**General Release**" means that the undersigned release Franchisor from any and all claims, liabilities and/or obligations, of any nature whatsoever, including those existing as of, and/or arising before, the date of any such release, however arising, known or unknown, whether against Franchisor and/or any or all of its Affiliates or related entities, shareholders, officers, directors, employees, agents, successors, assigns, the Marketing Fund, and whether by the undersigned, the Business Entity Franchisee and/or any Affiliate of any of the foregoing.

IN WITNESS WHEREOF, each of the undersigned has here unto affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S)	**PERCENTAGE OF OWNERSHIP OF BUSINESS ENTITY FRANCHISEE**
_____	
	_____%
_____	
	_____%
_____	
	_____%
_____	
	_____%

Business Entity Franchisee:

_____, a_____corporation/LLC/LP.

By _____

Its _____

UG FRANCHISE OPERATIONS, LLC

EXHIBIT 2
LEASE ADDENDUM

This Lease Addendum attaches to the Lease entered into between_____("**Lessor**"), and _____("**Lessee**") dated _____ (the "**Lease**").

A. Lessee has agreed to use the leased premises (the "**Premises**") only for the operation of a UFC Gym pursuant to a franchise agreement ("**Franchise Agreement**") with UG Franchise Operations, LLC, a California limited liability company ("**Franchisor**") dba UFC Gym Franchise Company.

B. The parties desire to attach to the Lease the terms and conditions contained in this Addendum.

AGREEMENT

1. Permitted Use. Lessor agrees that Lessee shall be permitted to operate a UFC Gym in the Premises, including, without limitation, a full-range of group fitness classes, mixed martial arts training, personal and group dynamic training, free weights and selectorized weights, youth programming, and the sale of nutritional supplements and branded apparel and fitness-related products (the "**Permitted Use**"). The Permitted Use shall include any future evolution of the UFC GYM® brand. Lessor represents and warrants that the Permitted Use does not conflict with any exclusive use clauses, recorded covenants or other restrictions affecting the Premises.

2. Remodeling and Décor. Lessor agrees to allow Lessee to remodel, equip, paint and decorate the interior of the Premises and to display such proprietary marks and signs on the interior and exterior of the Premises pursuant to the Franchise Agreement and any successor Franchise Agreement or subsequent trade dress adopted by Franchisor with respect to the UFC GYM® brand. In addition, Lessor agrees to allow Lessee to use Franchisor's standard sign and awning package to the maximum extent permitted by local governmental authorities. Lessor acknowledges that Lessee intends to operate a UFC Gym in the Premises, and that Lessee's rights to operate a UFC Gym and to use the UFC GYM® name, trademarks and service marks are solely pursuant to the Franchise Agreement. Lessee's operations at the Premises are independently owned and operated. Lessor acknowledges that Lessee is responsible for all obligations under the Lease unless and until Franchisor or another franchisee expressly assumes such obligations.

3. ADA Codes: Lessor shall be responsible for any and all "path of travel" or "accessible route" requirements under any federal, state and local disability access laws with respect to access to and egress from the doors of the Premises.

4. Assignment. Lessee has the right to assign all of its right, title and interest in the Lease to Franchisor or its successor, or either company's affiliates, at any time during the term of the Lease, including any extensions or renewals, without first obtaining Lessor's consent. No assignment will be effective, however, until Franchisor or its successor or designated affiliate gives Lessor written notice of its acceptance of the assignment. If Franchisor elects to assume the Lease under this paragraph or unilaterally assumes the Lease as provided for in Sections 6(d) or 7(a), Lessor and Lessee agree that (a) Lessee will remain liable for the responsibilities and obligations, including amounts owed to Lessor, prior to the date of assignment and assumption, and (b) Franchisor will have the right to assign the Lease or sublease the Premises to another UFC GYM ® franchisee, subject to Lessor's approval which will not be unreasonably withheld, conditioned or delayed provided the franchisee agrees to operate the Premises as a UFC GYM® pursuant to a franchise agreement with Franchisor. Moreover, Lessor: (i) consents to the foregoing assignments (and/or sublease) and agrees not to impose any assignment fee or similar charge, or to increase or accelerate rent under the Lease, in connection with such an assignment (and/or sublease); and (ii) shall not exercise any recapture right that it may have with respect to the Premises in connection with any proposed assignment or subletting. If Franchisor had been an assignee of

Lessee's interest under the Lease, then following an assignment of the Lease to another UFC GYM® franchisee, Franchisor shall be released from the obligations of Lessee arising on and after the effective date of such assignment. Notwithstanding any operating covenant in the Lease, Lessee (or Franchisor) shall be permitted to close for business in the Premises during such time as is reasonably necessary to establish a new franchisee in the Premises.

5. Franchisor Entry Rights. Franchisor shall have the right to enter the Premises at any time and from time to time (a) to make any repairs, alterations, or removals it considers reasonably necessary to protect the Franchisor system and marks, (b) to cure any default under the Franchise Agreement or under the Lease, and (c) to remove the distinctive elements of the Franchisor trade dress upon the expiration or termination of the Franchise Agreement and/or the Lease. Franchisor shall repair, or reimburse Lessor for the reasonable cost to repair, any damage to the walls, floor or ceiling of the Premises that results from Franchisor's removal of trade dress items and other property from the Premises.

6. Default and Notice.

a. In the event there is a default or violation by Lessee under the terms of the Lease, Lessor agrees to give Lessee and Franchisor written notice of such default or violation within a reasonable time after Lessor knows of its occurrence. Lessor agrees to provide Franchisor a copy of any written notice of default on the same day Lessor gives it to Lessee. Although Franchisor is under no obligation to cure the default, Franchisor will notify Lessor if it intends to cure the default and unilaterally assume Lessee's interest in the lease as provided in Section 6(d). Franchisor will have an additional 30 days from the expiration of Lessee's cure period in which to cure the default or violation. Lessor shall not exercise any remedies against Lessee (e.g., termination of the Lease or dispossession of Lessee from the Premises) until Franchisor has been afforded such 30-day cure period.

b. All notices to Franchisor must be sent by registered or certified mail, postage prepaid, to the following address:

UG Franchise Operations, LLC
Attn.: National Director of Real Estate
4160 Temescal Canyon Road, Suite 112
Corona, CA 92883
(949) 612-9635

c. Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees to notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

d. Upon Lessee's default and failure to cure a default under either the Lease or the Franchise Agreement, Franchisor has the right (but not the obligation) to unilaterally assume Lessee's interest in the Lease in accordance with Section 4.

e. To the extent that Franchisor elects to cure any defaults of Lessee under the Lease, Lessee shall reimburse Franchisor for all costs incurred by Franchisor in effecting such cure.

7. Termination or Expiration.

a. Upon the expiration or termination of the Franchise Agreement, Franchisor has the right, but not the obligation to unilaterally assume Lessee's interest in the Lease in accordance with Section 4.

b. Upon the expiration or termination of the Lease, if Franchisor does not assume Lessee's interest in the Lease, Lessor agrees to cooperate and allow Franchisor to enter the Premises, without cost and without being guilty of trespass and without incurring any liability to Lessor, to remove all signs and all other items identifying the Premises as a UFC Gym and to make such other modifications as are reasonably necessary to protect the marks and system, and to distinguish the Premises from Franchisor. In the event Franchisor exercises its option to purchase assets of Lessee, Lessor agrees to permit Franchisor to remove all such assets being

purchased by Franchisor.

8. Consideration; No Liability.

a. Lessor acknowledges that Lessee is not an agent or employee of Franchisor and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor and that Lessor has entered into this Addendum with full understanding that it creates no duties, obligations, or liabilities of or against Franchisor or any affiliate of Franchisor.

b. Nothing contained in this Addendum makes Franchisor or its affiliates a party or guarantor to the Lease, and does not create any liability or obligation of Franchisor or its affiliates.

9. Radius. In the event that the Lease contains a radius clause, Lessor acknowledges that such radius shall apply to Lessee only and shall not apply to any other locations operated by or through Franchisor except and to the extent such location is owned and operated by Lessee.

10. Modification. No amendment or variation of the terms of this Addendum or the Lease which serves to (a) alter the Permitted Use, (b) reduce the size of the Premises, or (c) reduce the square footage of the Premises that is devoted to the Permitted Use, is valid unless made in writing and signed by the Lessor, the Lessee and the Franchisor.

11. Reaffirmation of Lease. Except as amended or modified by this Addendum, all of the terms, conditions, and covenants of the Lease remain in full force and effect.

12. Miscellaneous.

a. Franchisor is a third-party beneficiary of this Addendum and the Lease, with independent rights of enforcement with respect thereto.

b. References to the Lease and to the Franchise Agreement include all amendments, addenda, extensions, and renewals to those documents.

c. References to Lessor, Lessee, and Franchisor include the successor and assigns of each of the parties.

d. In the event of a conflict between the terms of the Lease and the terms of this Addendum, the terms of this Addendum shall prevail.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Addendum as of the date written above.

LESSOR	LESSEE
By: _____	By:_____
Name: Title	Name: Title:

UG FRANCHISE OPERATIONS, LLC
EXHIBIT 3
NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT

THIS NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT (the "**Agreement**") is entered into on _____, by and between UG Franchise Operations, LLC, a California limited liability company ("**Disclosing Party**"), located at 4160 Temescal Canyon Road, Suite 112, Corona, CA 92883 and _____, an individual, located at _____ (the "**Receiving Party**").

OVERVIEW

The Disclosing Party is the franchisor of a membership-based physical fitness system consisting of unique boxing and kickboxing training regimens, utilizing a system, products, operations manuals, sales manuals and training and instruction programs that are proprietary to UG Franchise Operations, LLC (the "**System**").

RECITALS

WHEREAS, Disclosing Party possesses certain confidential proprietary information; and

WHEREAS, in connection with the pursuit of the business relationship between Receiving Party and Disclosing Party (collectively, the "**Business Purpose**"), confidential proprietary information belonging to Disclosing Party will be made available to Receiving Party; and

WHEREAS, Disclosing Party desires to prevent the unauthorized use and disclosure of its confidential proprietary information.

NOW, THEREFORE, in consideration of these promises and for other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

1. Confidential Information. For purposes of this Agreement, Confidential Information shall include computer generated files, computer programs, membership records, suppliers, architectural drawings, equipment designs, manufacturing processes, ideas, inventions (whether copyrightable, patentable or trademarked, or not), schematics and other technical, business, financial, customer and product development plans, forecasts, strategies and information relating to the System, to which Receiving party may be provided access by Disclosing Party or others in accordance with this Agreement, or which is generated as a result of or in connection with the Business Purposes, which is not generally available to the public at-large.

2. Non-Disclosure Obligations. Receiving Party promises and agrees to receive and hold the Confidential Information in confidence. Without limiting the generality of the foregoing, Receiving Party further promises and agrees: (A) to protect and safeguard the Confidential Information against unauthorized use, publication or disclosure; (B) to not use any of the Confidential Information except for the Business Purpose, (C) to not, directly or indirectly, in anyway, reveal, report, publish, disclose, reverse engineer, transfer or otherwise use any of the Confidential Information except as specifically authorized by Disclosing Party in accordance with this Agreement, (D) to not use any Confidential Information to unfairly compete or obtain unfair advantage vis-a-vis Disclosing Party in any commercial activity which may be comparable to commercial activity contemplated by the parties in connection with the Business Purpose, (E) to restrict access to the Confidential Information to those of its officers, directors, and/or employees who clearly need such access to carry out the Business Purpose, (F) to advise each of the persons to whom it provides access to any of the Confidential Information, that such persons are strictly prohibited from making any use, publishing or otherwise disclosing to others, or permitting others to use for their benefit or to the detriment of Disclosing Party, any of the Confidential

Information, and, upon request of Disclosing Party, to provide Disclosing Party with a copy of a written agreement to that effect signed by such persons, and (G) to comply with any other reasonable security measures requested in writing by Disclosing Party.

3. Exceptions. The confidentiality obligations hereunder shall not apply to Confidential Information which (A) is, or later becomes, public knowledge other than by breach of the provisions of this Agreement, or (B) is in the possession of Receiving Party with the full right to disclose prior to its receipt from Disclosing Party, as evidenced by written records.

4. Return of Confidential Information. Receiving Party agrees, upon termination of the Business Purpose or upon the written request of Disclosing Party, whichever is earlier, to promptly deliver to Disclosing Party all computer files, records, independent reports or studies conducted by Receiving Party, embodying or pertaining to the Confidential Information that it has received from Disclosing Party.

5. No Right to Confidential Information. Receiving Party hereby agrees and acknowledges that (A) this Agreement is not granting the Receiving Party any license, either express or implied, to use any of the Confidential Information; (B) all software programs, inventions, improvements, copyrightable and patentable works and designs relating to the System, design and equipment engineering, systems, methods, compositions, or products of Disclosing Party directly resulting from or relating to the Confidential Information and the right to market, use, license and franchise the use of the Confidential Information or the ideas, concepts, methods or practices embodied therein shall be, and remain, the exclusive property of Disclosing Party, and Receiving Party has no right or title thereto.

6. No Solicitation of employees and Consultants. Receiving Party agrees that it will not, for a period of five (5) years from the date of this Agreement, initiate contact with Disclosing Party's employees or consultants in order to solicit, entice or induce any employee of Disclosing Party to tortiously interfere with Disclosing Party's business relationships or to compete against Disclosing Party.

7. Losses. Receiving Party agrees to indemnify Disclosing Party against any and all losses, damages, claims, or expenses incurred or suffered by Disclosing Party as a result of Receiving Party's breach of this Agreement.

8. Term and Termination. This Agreement shall commence on the date first written above. Receiving Party's right to use the Confidential Information in connection with the Business Purpose shall continue in effect until Disclosing Party provides Receiving Party with written notice of termination of such right.

9. Remedies. Receiving Party understands and acknowledges that any disclosure or misappropriation of any of the Confidential Information in violation of this Agreement may cause Disclosing Party irreparable harm, the amount of which may be difficult to ascertain and, therefore, agrees that Disclosing Party shall have the right to apply to a court of competent jurisdiction for an order restraining any such further disclosure or misappropriation and for such other relief as Disclosing Party shall deem appropriate. Such right of Disclosing Party shall be in addition to remedies otherwise available to the Disclosing Party at law or in equity.

10. Successors and Assigns. Receiving Party shall have no right to assign its rights under this Agreement, whether expressly or by operation of law, without the written consent of Disclosing Party. This Agreement and Receiving Party's obligations hereunder shall be binding on any and all consultants, clients, representatives, permitted assigns, and successors of Receiving Party and shall inure to the benefit of representatives, assigns and successors of Disclosing Party.

12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

13. Forum. Any legal action, lawsuit or legal proceeding involving the subject matter of this Agreement must be brought in the state or federal district court for the county where Disclosing Party's principal place of business is then-located (currently, Orange County, California).

14. Attorneys' Fees. If any action at law or in equity is brought to enforce or interpret the provisions of this Agreement, the prevailing party in such action shall be entitled to recover reasonable attorneys' fees.

15. Entire Agreement. This Agreement constitutes the sole understanding of the parties with reference to the subject matter of this Agreement and may not be amended or modified except in writing signed by each of the parties to the Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written. This Agreement is not effective until executed by an authorized officer of Disclosing Party.

RECEIVING PARTY	**DISCLOSING PARTY**
By:_____	By:_____
Title:_____	Title:_____
Print Name: _____	Print Name: _____

UG FRANCHISE OPERATIONS, LLC
EXHIBIT 4
COMPETITIVE BUSINESSES*

1. Bellator
2. Invicta
3. One FC
4. KSW
5. Legacy FC
6. Maximum FC
7. WSOF
8. 1st Strike Combat
9. Absolute Cage Fights
10. Absolute Fighting Challenge
11. Abu Dhabi Fighting Championship
12. Adrenaline FC
13. Alaska Fighting Championship
14. AllstarMMA
15. American Fighting Organization
16. Asylum Fight League
17. AX Fighting Championships
18. Bang Fighting Championships
19. Barbarian Fight Club
20. Battle FC
21. Brutaal Fight Night
22. Burlington Brawl
23. C3 Fights
24. Cage Championships
25. Cage Of Honor
26. Cage Warriors USA
27. Caged Combat
28. Caged Madness
29. CFFC
30. Circle Of Fury
31. Colosseum Combat
32. Combat Zone
33. Conquest of the Cage
34. Elite Cage Fighting
35. Elite Championship Cage Fighting
36. Evolution Fighting Championship
37. Extreme Beatdown
38. Extreme Challenge
39. Extreme Fight Night
40. Extreme Fighting League

41. Fightforce
42. Full Contact Fighting Federation
43. Fury FC
44. Gladiator Challenge
45. Gladiator Elite Cage Fighting
46. Gladiator Fighting Championships
47. GFA - Global Fighting Alliance
48. Grapplers Quest
49. Havoc Extreme Cagefighting
50. Hybrid Pro Series
51. International Cage Fighting Alliance
52. ICE - International Combat Events
53. IFC - International Fighting Championship
54. Iron Warrior Fight League
55. Kick Down MMA
56. King of Kombat
57. Konquer the Kage
58. Legend Fighting Championship
59. M-1 Challenge
60. Madtown Throwdown
61. MFC - Maximum Fighting Championships
62. Michiana Fight League
63. Midwest Cage Championship
64. MFA - Mixed Fighting Alliance
65. Modern Gladiators Fighting Championships
66. New Breed Fighters
67. No Mercy Extreme Fighting
68. NAAFS - N. American Allied Fight Series
69. Ohio Cage Combat
70. Ohio Xtreme Fighting
71. Operation Octagon
72. Power Fights
73. Premier Cage Fighting
74. Premier FC (Premier Fighting Challenge)
75. Pure Combat
76. Quebec INC
77. RITC (Rage in the Cage)
78. RFC - Real Fighting Championships
79. Reality Fighting
80. Rebel Fighter
81. Revelation Fight Organization
82. Ring of Combat
83. Ring of Dreams
84. Ring of Fire
85. Ring Rulers
86. Rocky Mountain Bad Boyz

87. Sportfight
88. Supreme Warrior
89. UCF - Ultimate Cage Fighters
90. Ultimate Cage Battles
91. Ultimate Warrior Challenge
92. United Fight Series
93. Valley Fight League
94. 94. X-1
95. XFO
96. Xtreme Fighting Championships
97. ZT Fight Night
98. Cage Rage (England)
99. Phoenix Fighting Challenge
100. World Boxing Association
101. World Boxing Federation
102. World Boxing Organization
103. World Series of Fighting
104. World Sport Group
105. World Wrestling Entertainment
106. World Combat League
107. Abrams Artists Agency
108. Agency for the Performing Arts Inc.
109. AliSports
110. China Olympic Sports Industry
111. CMC Holdings Limited
112. Creative Artist Agency
113. CSE (CCTV Sports and Entertainment)
114. CSMG (China Sports Management Group)
115. Cunningham-Escott-Slevin-Doherty Talent Agency
116. Don Buchwald and Associates, Inc.
117. Elite Model Management
118. Excel Sports
119. Ford Models
120. Gersh Agency
121. Infront
122. Innovative Artists
123. International Boxing Federation
124. International Creative Management
125. Invicta FC
126. JEWELS
127. Lagardere Unlimited
128. LeTV Sports
129. Mayweather Promotions, LLC
130. OCEANS Marketing
131. Octagon (Interpublic Group)
132. ONE Championship
133. Paradigm
134. Perform Group
135. Relativity Sports
136. SECA Worldwide
137. Sina Sports
138. Ti'ao Power

139. Traffic
140. United Talent Agency
141. Wanda Group
142. Wasserman Media
143. Wisdom Sports Group
144. DAZN Group Limited
145. DraftKings
146. TPG Capital* (Creative Artist Agency)
147. Crestview Partners* (International Creative Management)
148. LiveNation
149. Providence Media Group
150. Learfield
151. Ironman
152. Premiership Rugby
153. Advance Publications* (Ironman)
154. CVC Capital Partners* (Premiership Rugby)
155. Atairos Group* (Learfield)
156. Endemol Shine Group
157. RSE Ventures
158. Redbird Capital Partners
159. Bruin Sports Capital
160. 32 Equity
161. Top Rank Boxing
162. Liberty Media Group
163. Madison Square Garden Sports Corp.
164. Madison Square Garden Entertainment
165. Access Industries* (DAZN Group Limited)

*This list of Competitors may be updated from time to time by Franchisor.

UG FRANCHISE OPERATIONS, LLC
EXHIBIT 5
CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS

For value received, the undersigned (hereinafter called "**Franchisee**") hereby irrevocably assigns, effective upon the date of termination or expiration of the Franchise Agreement, the telephone listings and numbers stated below to UG Franchise Operations, LLC (hereinafter "**Franchisor**") upon the following terms and conditions:

1. This assignment is made pursuant to the terms of the Franchise Agreement of even date herewith (hereinafter "**Agreement**") between Franchisor and Franchisee, which in part pertains to the telephone listing and numbers used by Franchisee in the Designated Territory covered by the Agreement.

2. The Franchisee shall retain the limited right to use the telephone listing and numbers solely for the telephone listing and numbers solely for the transaction and advertising of the business while the Agreement between Franchisor and Franchisee shall remain in full force and effect, but upon termination or expiration of the Agreement for any reason whatsoever, the limited right of use of the telephone listing and numbers by the Franchise Agreement shall also terminate.

3. The telephone listing and numbers (including any present and future numbers on the rotary series used by the Franchisee) subject to this assignment are:

_____

IN WITNESS WHEREOF, the Franchisee has hereunto set his/her hand and seal this__day of__, _____.

FRANCHISEE

By: _____

FRANCHISOR

UG FRANCHISE OPERATIONS, LLC

By: _____

UG FRANCHISE OPERATIONS, LLC
EXHIBIT 6
UFC GYM JIU JITSU ROYALTY WITHDRAWAL INFORMATION AND AGREEMENT

UFC GYM JIU-JITSU
Royalty Withdrawal
Information and Agreement

UFC GYM JIU-JITSU Location Information:

Franchise Owner (Franchisee):_____

Franchise Location: _____

Operating Bank Account Information:

Bank Name: _____

Account Number: _____

Routing Number: _____

I authorize UG Franchise Operations, LLC ("UG") to initiate automatic monthly bank withdrawals from my account in order to effect payment of royalty fees, marketing fees and $150 a month for subscription fees (collectively, "Fees") as outlined in the Franchise Agreement from the bank account listed above. Also, I authorize my bank to charge such account for such withdrawals. I understand that I will not receive any bills or notices of withdrawal from UG. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of U.S. law. I certify that I am an authorized user of this bank account and will not dispute these scheduled transactions with my bank; so long as the transactions correspond to the terms indicated in this authorization form and the Franchise Agreement.

UFC GYM JIU-JITSU Studio

By:_____

Print Name:_____

Date:_____

EXHIBIT C
TO THE
UFC GYM FRANCHISE DISCLOSURE DOCUMENT

DEVELOPMENT RIGHTS RIDER TO UFC GYM FRANCHISE AGREEMENT

1. Background. This Development Rights Rider (this "**Rider**") is made between **UG FRANCHISE OPERATIONS, LLC** ("**we**," "**us**," or "**our**") and _____ ("**you**" or **"your**"). This Rider is attached to, and intended to be a part of, the Franchise Agreement that we and you (or your affiliate) have signed concurrently with signing this Rider for the operation of the GYM located at _____ _____ (the "**Franchise Agreement**"). We and you are signing this Rider because you want the right to develop additional UFC GYM Businesses (besides the GYM covered by the Franchise Agreement) within a certain geographic area over a certain time period, and we are willing to grant you those development rights if you comply with this Rider. Terms not defined herein shall be as defined in the Franchise Agreement.

2. Grant of Development Rights. Subject to your strict compliance with this Rider, we grant you and/or your Approved Affiliated Entities (defined below) the right to develop [number of Gyms] [___] UFC GYM Businesses (including the GYM that is the subject of the Franchise Agreement), according to the mandatory development schedule described in Exhibit A to this Rider (the "**Schedule**"), within the geographic area depicted in the map set forth on Exhibit B to this Rider (the "**Area**") ."**Affiliated Entity"** means any corporation, limited liability company or other Entity of which you or one or more of your owners owns more than fifty percent (50%) of the total authorized ownership interest, as long as you or such owner(s) have the right to control the entity's management and policies. Any Affiliated Entity must be approved by us in writing, and will require a background check as well as background checks for each individual owner.

If you or your Affiliated Entity are fully complying with all of your obligations under this Rider, and are fully complying with all of your obligations under the Franchise Agreement and all other franchise agreements then in effect between us and you or your Affiliated Entity for the development and operation of UFC GYM Businesses, then during this Rider's term only, except as otherwise provided in the Franchise Agreement, we (and our affiliates) may not establish or operate (except to the extent that we already operate UFC GYM Businesses in the Area), or grant to others the right to establish or operate, a UFC GYM Business the physical premises of which are located within the Area.

Except for the UFC GYM Business location restriction above, there are no restrictions that this Rider imposes on our (and our affiliates') activities within the Area during this Rider's term. You acknowledge and agree that we and our affiliates have the right to engage, and grant to others the right to engage, in any other activities of any nature whatsoever within the Area, including, without limitation, those which we reserve in the Franchise Agreement. After this Rider expires or is terminated (regardless of the reason for termination), we and our affiliates have the right to establish and operate, and grant to others the right to establish and operate, UFC GYM Businesses the physical premises of which are located within the Area and continue to engage, and grant to others the right to engage, in any activities that we (and they) desire within the Area without any restrictions whatsoever.

YOU ACKNOWLEDGE AND AGREE THAT TIME IS OF THE ESSENCE UNDER THIS RIDER AND THAT YOUR RIGHTS UNDER THIS RIDER ARE SUBJECT TO TERMINATION (WITHOUT ANY CURE OPPORTUNITY) IF YOU DO NOT STRICTLY COMPLY WITH THE DEVELOPMENT OBLIGATIONS PROVIDED IN THE SCHEDULE. WE MAY ENFORCE THIS RIDER STRICTLY.

3. Development Obligations. To maintain your rights under this Rider, you and/or your Affiliated Entity must, by the dates specified in the Schedule, sign franchise agreements for and have open and operating the agreed-upon number of UFC GYM Businesses in the Area. You (and/or the approved Affiliated Entity) will operate each UFC GYM Business under a separate franchise agreement with us. The franchise agreement (and related documents, including Owner's Guaranty and Assumption of Business Entity Franchisee's Obligations) that you (and your owners) sign for each additional UFC GYM Business will be our then current form of franchise agreement (and related documents), any and all of the terms of which may differ materially from any and all of the terms contained in the Franchise Agreement (and related documents). However, despite any contrary provision contained in the newly-signed franchise agreements, your additional UFC GYM Businesses must be open and operating by the dates specified in the Schedule. To retain your rights under this Rider, each of your UFC GYM Businesses must operate continuously throughout this Rider's term in full compliance with its franchise agreement.

4. Subfranchising Rights. This Rider does not give you any right to franchise, license, subfranchise, or sublicense others to operate UFC GYM Businesses. Only you and/or your Affiliated Entity may develop, open, and operate UFC GYM Businesses pursuant to this Rider. This Rider also does not give you (or your Affiliated Entities) any independent right to use "UFC GYM®" trademark or our other trademarks and commercial symbols. The right to use our trademarks and commercial symbols is granted only under a franchise agreement signed directly with us. This Rider only grants you potential development rights if you comply with its terms.

5. Development Fees. As consideration for the development rights we grant you in this Rider, you must pay us, at the same time you sign this Rider, a total of _____ Dollars ($_____) (the "**Development Fee**"), which equals (a) the $_____ initial franchise fee due under the Franchise Agreement, plus (b) a deposit of _____ Dollars ($_____) for each additional UFC GYM Business you agree to develop under the Schedule. Our initial franchise fee for each UFC GYM Business you develop pursuant to this Rider is ____ Dollars ($____). The Development Fee is consideration for the rights we grant you in this Rider and for reserving the Area for you to the exclusion of others, is fully earned by us when we and you sign this Rider, and is not refundable under any circumstances, even if you do not comply or attempt to comply with the Schedule and we then terminate this Rider for that reason.

While the Development Fee is not refundable under any circumstances, when you (or your approved Affiliated Entity) sign the franchise agreement for each additional UFC GYM Business to be developed, we will apply ____ Thousand Dollars ($_____) of the Development Fee toward the initial franchise fee due for that UFC GYM Business (leaving no balance due).

6. Grant of Franchises. You must submit to us a separate application for each UFC GYM Business you wish to develop pursuant to this Rider. You agree to give us all information and materials we request in order to assess each proposed site. We will supply you with our site selection criteria and may put you in contact with a commercial real estate broker in the Area; however, we will not conduct site selection activities for you. In granting you the development rights under this Rider, we are relying on your knowledge of the real estate market and your ability to locate and access sites. We will not unreasonably withhold acceptance of any proposed site if the site meets our then current site criteria. However, we have the absolute right not to accept any site not meeting these criteria. If we accept a proposed site, you agree, within the time period we specify (but no later than the date specified in the Schedule), to sign a separate franchise agreement (and related documents) for the UFC GYM Business

and to pay us the remaining portion of the initial franchise fee due, if any. If you do not do so, or cannot obtain lawful possession of the proposed site, we may withdraw our acceptance of the proposed site. After you (and your owners) sign the franchise agreement (and related documents, including Owner's Guaranty and Assumption of Business Entity Franchisee's Obligations), its terms and conditions will control your development and operation of the UFC GYM Business (except that the required opening date is governed exclusively by this Rider).

In addition to our rights with respect to proposed UFC GYM Business sites, we may delay your development of additional UFC GYM Businesses pursuant to this Rider for the time period we deem best if we believe, when you submit your application, that you are not yet operationally, managerially, or otherwise prepared, due to the particular amount of time that has elapsed since you developed and opened your most recent UFC GYM Business, to develop, open and/or operate the additional UFC GYM Businesses in full compliance with our standards and specifications. We may delay additional development for the time period we deem best as long as the delay will not in our reasonable opinion cause you to breach your development obligations under the Schedule (unless we are willing to extend the Schedule proportionately to account for the delay).

7. **Term**. This Rider's term begins on the date we and you sign it and ends on the date when (a) the final UFC GYM Business to be developed under the Schedule has opened (or, if earlier, must have opened) for business, or (b) this Rider otherwise is terminated.

8. **Termination**. We may terminate this Rider and your right to develop UFC GYM Businesses within the Area at any time, effective upon delivery to you of written notice of termination: (a) if you fail to satisfy either your development obligations under the Schedule or any other obligation under this Rider, which defaults you have no right to cure; or (b) if the Franchise Agreement, or any other franchise agreement between us and you (or your Affiliated Entity) for a UFC GYM Business, is terminated by us in compliance with its terms or by you (or your Affiliated Entity) for any (or no) reason; or (c) if we have delivered a formal written notice of default to you (or your Affiliated Entity) under the Franchise Agreement, or any other franchise agreement between us and you (or your Affiliated Entity) for a UFC GYM Business, whether or not you (or your Affiliated Entity) cure that default and whether or not we subsequently terminate the Franchise Agreement or the other franchise agreement. No portion of the Development Fee is refundable upon a termination of this Rider or under any other circumstances.

Upon the occurrence of any of the events above in this Section 8 during the term of this Rider, we may, at our option, elect to terminate only the exclusivity of the Area (as provided under Section 2 above) instead of terminating this Rider entirely. This means that during the remainder of the term of this Rider, we and our affiliates will have the right to establish and operate, and grant to others the right to establish and operate, UFC GYM Businesses the physical premises of which are located within the Area and continue to engage, and grant to others the right to engage, in any activities that we (and they) desire within the Area without any restrictions whatsoever. However, such termination of the exclusivity shall be without prejudice to our right to terminate this Rider at any time thereafter for the same default or any other defaults under this Rider.

A termination of this Rider is not deemed to be the termination of any franchise rights (even though this Rider is attached to the Franchise Agreement) because this Rider grants you no separate franchise rights. Franchise rights arise only under franchise agreements signed directly with us. A termination of this Rider does not affect any franchise rights granted under any then- effective individual franchise agreements.

9. **Assignment**. Your development rights under this Rider are not assignable at all. This

means that we will not under any circumstances allow the development rights to be transferred. A transfer of the development rights would be deemed to occur (and would be prohibited) if there is an assignment of the Franchise Agreement, any change in your ownership (whether or not it is a controlling ownership interest), any change in your owners' ownership (if such owners are legal entities and whether or not it is a controlling ownership interest), a transfer of this Rider separate and apart from the Franchise Agreement, or any other event attempting to assign the development rights.

10. Incorporation of Other Terms. Sections 14.1, 14.2, 16.1 through 16.9, 18.1 through 18.17 are incorporated by reference in this Rider and will govern all aspects of this Rider and our and your relationship as if fully restated within the text of this Rider.

11. Rider to Control. Except as provided in this Rider, the Franchise Agreement remains in full force and effect as originally written. If there is any inconsistency between the Franchise Agreement and this Rider, the terms of this Rider will control.

UG FRANCHISE OPERATIONS, LLC **FRANCHISEE**

By:_____ _____

Name: Adam Sedlack

Title: CEO

Date:_____ Date:_____

EXHIBIT A
TO DEVELOPMENT RIGHTS RIDER

You agree to develop and open [insert number] [___] new UFC GYM Businesses in the Area, including the GYM that is the subject of the Franchise Agreement, according to the following Schedule:

UFC GYM Business Number	**Date by which Franchise Agreement Must be Signed**	**Date by which UFC GYM Business Must be Opened ("Opening Dates")**	**Cumulative Number of UFC GYM Businesses to Be Open and Operating in the Area No Later than the Opening Dates**
1	Concurrently with this Rider	12 months from date of Development Rights Rider (the "**First Deadline**")	1
2			2
3			3
4			4
5			5

*If you open the first UFC GYM Business before the First Deadline, the deadlines for opening the subsequent UFC GYM Businesses will remain the specified number of months after the First Deadline (rather than the specified number of months from the preceding UFC GYM Business's actual opening date).

EXHIBIT B
TO DEVELOPMENT RIGHTS RIDER

The Area

EXHIBIT D
TO THE
UFC GYM FRANCHISE DISCLOSURE DOCUMENT

LIST OF CURRENT AND FORMER FRANCHISEES

1. **Operational Franchisees.** The following are the names, addresses and telephone numbers of all UFC Gym franchisees as of December 31, 2024, who are operational:

Address	City	State	Name	Last Name	Phone
1526 Webster St	Alameda	CA	David	Flynn	(510) 872-2296
321 West Katella Avenue #94	Anaheim	CA	John	Hsu	(562) 695 – 1513
220 S Brea Blvd	Brea	CA	Slava	Vilshtein	(818) 398-5050
17638 E Castleton Street	City of Industry	CA	Ricky	Thai	(626)233-2000
470 McKinley Street	Corona	CA	Adam	Sedlack	(925) 297-6360
2790 Harbor Boulevard	Costa Mesa	CA	Cub	Swanson	(714) 668-0911
1010 E Bidwell Street	Folsom	CA	David	Flynn	(510) 872-2296
17091 Beach Boulevard	Huntington Beach	CA	Mark	Mastrov	(714) 668-0911
14920 La Mirada Boulevard	La Mirada	CA	Mike	Pilatos	(714) 606-2252
40545 California Oaks Rd Suite C-2	Murrieta	CA	Peter	Baronoff	(561)302-6813
195 W Esplanade Drive	Oxnard	CA	Slava	Vilshtein	(818) 398-5050
4615 Missouri Flat Road	Placerville	CA	Ben	Ragsac Jr.	(530) 626-3488
6684 Loantree Boulevard	Rocklin	CA	Mark	Polli	(916) 276-0656
8920 Glendon Way	Rosemead	CA	Mark	Mastrov	(714) 668-0911
8241 Bruceville Road, Suite 140	Sacramento	CA	Becky	Reaves	(916) 505-4171
751 B Camino Plaza	San Bruno	CA	Antonio	Damian	(650) 270-7613
925 Blossom Hill Road	San Jose	CA	Gagan	Aujla	(408) 868-3180
19800 Hawthorne Boulevard	Torrance	CA	Mark	Mastrov	(714) 668-0911
7824 Park Meadows Drive	Lone Tree	CO	Mark	Reynolds	(501) 525-8800
28785 US Highway 19	Clearwater	FL	Fay	Marakas	(727) 798-2691
8700 NW 36t st 301	Doral	FL	Alex	Rodgriguez	(754) 231-2955
8851 SW 107th Avenue	Miami	FL	Alex	Rodgriguez	(714) 668-0911

Address	City	State	Name	Last Name	Phone
3635 NE 1st Avenue	Miami	FL	Alex	Rodgriguez	(714) 668-0911
10250 Pines Boulevard	Pembroke Pines	FL	Alex	Rodgriguez	(714) 668-0911
331 N University #1400	Plantation	FL	Alex	Rodgriguez	(714) 668-0911
1425 Tuskawilla Road, Suite 209	Winter Springs	FL	Michael	Sawyer	(703) 303-6668
1111 Missouri Ave N	Largo	FL	Osivette	Britto	(727) 744-5311
6421 66th St N	Pinellas Park	FL	Osivette	Britto	(727) 744-5311
777 Kinoole St	Hilo	HI	JD	Penn	(808) 960-7378
573 Kailua Road #200	Kailua	HI	Mark	Mastrov	(714) 668-0911
95-1249 Meheula Parkway	Mililani	HI	Mark	Mastrov	(714) 668-0911
94 Lumiaina Street	Waipahu	HI	Mark	Mastrov	(714) 668-0911
805 Pohukaina Street	Honolulu	HI	Mark	Mastrov	(714) 668-0911
3519 N Clark Street, Suite C201	Chicago	IL	Kareem	Fahmy	(515) 953-9462
173 Yorktown Center	Lombard	IL	Kareem	Fahmy	(515) 953-9462
790 Royal Saint George Drive	Naperville	IL	Matt	Kuschert	(630) 363-0180
9050 W 159th Street	Orland Park	IL	Omar	Rudaini	(708) 351-5772
10660 Randolph Street	Crown Point	IN	Zeshan	Hyder	(219) 790-3360
10417 Calumet Avenue	Munster	IN	Zeshan	Hyder	(219) 790-3360
4520 South Sherwood Forest Boulevard #110	Baton Rouge	LA	Roger	Ferrier	(225) 614-6913
76 Lincoln Street	Boston	MA	Jason	Dunton	(857) 930-1926
498 Main Street	City of Orange	NJ	Amir	Hashemi	(973)390-1400
1846 Route 1	North Brunswick	NJ	Raghav	Sharma	(516) 838-0848
49 East Midland Avenue	Paramus	NJ	Pablo	Loza	(201) 213-8241
92 State Route 23 North	Riverdale	NJ	Pablo	Loza	(201) 213-8241
133 Route 23	Wayne	NJ	Mark	Mastrov	(714) 668-0911
675 US-1 Suite 10	Woodbridge	NJ	Mike	Mahdi	(732)692-7494
5651 Centennial Center Boulevard	Las Vegas	NV	Mark	Mastrov	(714) 668-0911
4875 Kietzke Lane, Unit D	Reno	NV	Dave	Strickler	(775) 771-8850

Address	City	State	Name	Last Name	Phone
300 Waverly Avenue	Mamaroneck	NY	Dean	Bellantoni	(914) 403-8388
2020 Jericho Turnpike	New Hyde Park	NY	Mark	Mastrov	(714) 668-0911
142 Park City Center	Lancaster	PA	Steeve	Dumerve	(615) 424-1741
236 5th Ave	Pittsburgh	PA	Lucas	Piatt	(412) 613-7702
340 E Waterfront Dr	Homestead	PA	Lucas	Piatt	(412) 613-7702
2435 E North Street	Greenville	SC	Brad	Schulte	(864) 494-5170
6633 N Mesa, Suite 305	El Paso	TX	Luis	Luna	(915) 487-4347
6051 SW Loop 820, Suite 302	Fort Worth	TX	Mark	Beatty	(817) 233- 2838
440 W 4th Street	Fort Worth	TX	Mark	Beatty	(817) 233- 2838
1431 W 20th Street	Houston	TX	Sudhir	Parihar	(713) 775-4668
3324 N McColl Road, Suite A-G	McAllen	TX	Nestor	Garcia	(956) 429-2660
8201 Broadway	Pearland	TX	HaYoung	Kim	(408) 887-4759
300 Indian Lake Blvd Ste 340	Hendersonville	TN	George	Girjel	(904) 505-1284
4475 Market Commons Drive	Fairfax	VA	Robert	Posch	(703) 335-5045
11710 Plaza America Drive, Suite 40	Reston	VA	Robert	Posch	(703) 350-7914
4188 Merchant Plaza	Woodbridge	VA	Weber	Lin	(703) 583-4269
307 37th Avenue SE	Puyallup	WA	Scott	Wade	(949) 554-3001

2. **Signed But Not Opened.** The following are the names, addresses and telephone numbers of all UFC Gym franchises with signed but unopened units as of December 31, 2024:

Franchisee	# Development Rights	Location	State	Phone Number
Donnie Purto	1	Scottsdale	AZ	(209) 606-2408
Gabe Montoya	1	Bakersfield	CA	(661) 564-1050
Bishal Sharma *	3	Sacramento	CA	(530) 813-1014
Mike Schimmel Burn Fitness LLC	1	Santa Monica	CA	(310) 600-5107
Scott Wade	1	Santa Monica	CA	(260) 797-8053
Elias Toma	1	North Hollywood	CA	(805) 765-7458
Jay Munkhnasan	1	Pleasanton	CA	(925) 202- 5965
Slava Vilshtein	1	Woodland Hills	CA	(818) 398-5050
Ted Slaught	1	Alhambra	CA	(213) 804-9144

Franchisee	# Development Rights	Location	State	Phone Number
Tyler & Stone Romatowski Sunshine Gyms LLC*	3	Tampa	FL	(314) 686-9598
Alex Rodriguez	1	Miami	FL	(714) 668-0911
Joseph Ishikawa*	2	Hawaii Kai	HI	(610) 476-7839
Belal Muhammad	1	Shamburg	IL	(773) 828-1103
Zeshan Hyder	4	Munster	IN	(630) 803-3298
Tim Stewart	1	Columbus	OH	(216) 644-5924
David Mott	1	Marshfield	IL	(516) 724-3428
Lisa and Doug Bernier	1	Chicopee	MA	(413) 519-5444
Robert Sabagh / Ziad Koza *	11	Ann Arbor	MI	(248) 255-8747
Ben Bowser	1	Cranberry	PA	(724) 954-8715
Roberto Torres	1	San Juan	PR	(787) 645-7221
George Girjel *	2	Nashville	TN	(904) 505-1284
Caspar Chou *	2	Austin	TX	(909) 374-8188
Keith Vanderhoeven	1	Newbraunfels	TX	(830) 730-8284
Mark Beaty	2	Fort Worth	TX	(817) 233-2838
Rodrigo Diaz- Barroso	1	Austin	TX	+52 55 1295 3034
Allison Rook& Ryan Gaffney	2	Seattle	WA	(517) 285-3648

3. **Former Franchisees.** The following are the names, addresses and telephone numbers of all former franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the Disclosure Document issuance date:

City	State	First Name	Last Name	Phone
Ahwatukee	AZ	Dee	Grayer	(480) 496-4269
Folsom	CA	Mark	Polly	(916) 276-0656
Southington	CT	Zach	Inzero	(860) 384-7981
North Miami	FL	Marcos	Perez	(312) 753-5577
Orlando	FL	Carlos	Fructuoso	(407) 217-6497
E Rutherford	NJ	Lance	Castaldo	(201) 314-2859
Paramus	NJ	Robert	Reilly	(201) 889-8814
Westwood	NJ	Robert	Reilly	(201) 889-8814
White Plains	NY	Jane	Zhao	(617) 543-1405

City	State	First Name	Last Name	Phone
Middleburg Heights	OH	Tim	Stewart	(216) 644-5942
Austin	TX	Jesse	Ocel	(703) 434-0507

EXHIBIT E

TO THE
UFC GYM FRANCHISE DISCLOSURE DOCUMENT

SITE SELECTION ADDENDUM

UG Franchise Operations, LLC ("Franchisor") and_____("Franchisee"), have this day of ___, 20 _, entered into a Franchise Agreement for the operation of a UFC Gym Franchise using Franchisor's Proprietary Marks and System (the "GYM") and desire to supplement its terms, as set forth below. The parties therefore agree as follows:

1. Within nine (9) months after the effective date of the Franchise Agreement, Franchisee shall obtain a site and execute a lease for that site, at Franchisee's expense, for the business franchised under the Franchise Agreement (the "Gym"), which site Franchisor shall approve as hereinafter provided. The site shall be within the following territory:

_____
_____ (The "Search Area"). The Search Area is non-exclusive.

2. Franchisee's failure to obtain a site for the Gym within the time required in Paragraph 1 shall constitute a default under the Franchise Agreement and this Site Selection Addendum. Time is of the essence.

3. Prior to Franchisee's acquisition by lease or purchase of a site for the Gym, Franchisee shall submit to Franchisor, in the form Franchisor specifies, a completed site review form, such other information or materials as Franchisor may reasonably require, and a letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining the proposed site. No proposed site shall be deemed approved unless Franchisor has expressly approved it in writing. If we do not approve of any site proposed by you, we will provide you with a written explanation regarding why a site does not meet our requirements.

4. Franchisor shall furnish to Franchisee such site selection guidelines, consultation and on-site evaluation as Franchisor deems advisable as part of Franchisor's evaluation of Franchisee's request for site approval. Franchisor shall not, however, provide on-site evaluation for any proposed site prior to Franchisor's receipt of the information and materials required by Paragraph 3 hereof. If Franchisor deems on-site evaluation necessary and appropriate, Franchisor shall conduct up to one (1) on-site evaluation at Franchisor's cost. For each additional on-site evaluation (if any), Franchisee shall reimburse Franchisor for Franchisor's reasonable expenses including, without limitation, the costs of travel, lodging, and meals.

5. If Franchisee will be occupying the Gym premises under a lease, Franchisee shall, prior to the execution of the lease, submit the lease to Franchisor for Franchisor's written approval. Franchisor's approval of the lease will be conditioned upon the inclusion of the following terms and conditions:

- That the initial term of the lease, or the initial term together with renewal terms, shall be for not less than 10 years with the option to renew the lease for two (2) 5-year terms;

- That the lessor consents to Franchisee s use of such Proprietary Marks and initial signage as

Franchisor may prescribe for the Gym;

- That the use of the premises be restricted solely to the operation of the Gym;

- That Franchisee be prohibited from subleasing or assigning all or any part of Franchisee s occupancy rights or extending the term of or renewing the lease without Franchisor's prior written consent;

- That the lessor provide to Franchisor copies of any and all notices of default given to Franchisee under the lease;

- That Franchisor has the right to enter the premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under the Franchise Agreement or under the lease; and

- That Franchisor (or Franchisor s designee) has the option, upon default, expiration, or termination of the Franchise Agreement, and upon notice to the lessor, to assume all of Franchisee's right under the lease terms, including the right to assign or sublease.

6. Franchisee shall furnish Franchisor a copy of any executed lease within ten (10) days after execution thereof.

7. After Franchisor has approved a site for the Gym in writing and Franchisee has acquired the site pursuant to Paragraph 3 hereof, the site shall constitute the Approved Location referred to in Section 4.1 of the Franchise Agreement.

8. Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty or any kind, express or implied, as to the suitability of the site for the Gym or for any other purpose. Franchisor's approval of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for Franchisor's purposes as of the time of the evaluation. Both parties to this Agreement acknowledge the application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change thereby altering the potential of a site. Such factors are unpredictable and are beyond Franchisor's control. Franchisor shall not be responsible for the failure of a site approved by Franchisor to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that Franchisee's acceptance of a franchise for the operation of the Gym at the site is based on Franchisee's own independent investigation of the suitability of the site.

9. This Site Selection Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and terms of this Site Selection Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum on the day and year first above written.

FRANCHISEE(S)

By: _____

Printed Name: _____

Date: _____

UG FRANCHISE OPERATIONS, LLC

By: _____

Printed Name: _____

Date: _____

EXHIBIT F
TO THE
UFC GYM FRANCHISE DISCLOSURE DOCUMENT

ADA CERTIFICATION FORM

UG FRANCHISE OPERATIONS, LLC
ADA CERTIFICATION

In accordance with Section 4.2 of the Franchise Agreement, Franchisee certifies to Franchisor that to the best of Franchisee's knowledge, the GYM and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act ("ADA"). Franchisee acknowledges that it is an independent contractor and the requirement of this certification by Franchisor does not constitute ownership, control, leasing or operation of the Franchise Location. Franchisee acknowledges that Franchisor has relied on the information contained in this certification. Furthermore, Franchisee agrees to indemnify Franchisor and any of Franchisor's authorized agents or related persons/entities and each of their respective officers, directors, and employees, in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by such indemnified party(ies) as a result of any matters associated with Franchisee's compliance (or failure to comply) with the Americans with Disabilities Act, as well as the costs, including attorneys' fees, related to the same.

In the event of any dispute concerning or relating to this document and/or any of the transactions and/or matters to which it may apply, such dispute will be resolved in accordance with the dispute resolution provisions of the Franchise Agreement (including, but not limited to, Articles 18 and 20 of the Franchise Agreement, providing for ARBITRATION and WAIVER OF JURY TRIAL among other terms). Terms not defined in this document shall have the same meaning as they do in the Franchise Agreement.

All signers are jointly and severally responsible for the representations and promises described in this Certification Form.

FRANCHISEE(S)

By: _____

Printed Name: _____

Date: _____

By: _____

Printed Name: _____

Date: _____

EXHIBIT G
TO THE
UFC GYM FRANCHISE DISCLOSURE DOCUMENT

STATEMENT OF PROSPECTIVE FRANCHISEE

STATEMENT OF PROSPECTIVE FRANCHISEE

Note: Dates and Answers Must Be Completed in the Prospective Franchisee's Own Handwriting.

Do not complete and/or sign this Questionnaire if you are a California, Hawaii, Illinois, Indiana, Maryland, Michigan, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin resident or the business is to be operated in California, Hawaii, Illinois, Indiana, Maryland, Michigan, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin.

Prospective Franchisee (also referred to as "me," "our," "us," "we" and/or "I" in this document) and UG Franchise Operations, LLC (also referred to as "Franchisor," "you" or "your") each have an interest in making sure that no misunderstandings exist between them and in verifying that no violations of law might have occurred. I/we understand that the Franchisor is relying on the statements I/we make in this document and assure the Franchisor as follows:

If in New York or Rhode Island, the date of my first face-to-face meeting with a Franchisor marketing representative, franchise broker or any other person to discuss the possible purchase of a Franchise was _____, 20___. Franchisee's Initials _____

The date on which I received a Franchise Disclosure Document was _____, 20____. Franchisee's Initials _____

The date when I received a fully completed copy (other than signatures) of the Franchise Agreement I later signed was _____, 20__. Franchisee's Initials _____

The earliest date on which I signed the Franchise Agreement or any other binding document (not including the Receipt page) was _____, 20__. Franchisee's Initials _____

The earliest date on which I delivered cash, check or other consideration to the Franchisor marketing representative, a broker, the Franchisor or any other person or company was _____, 20__. Franchisee's Initials _____

Representations:

No promises, agreements, contracts, commitments, understandings, “side-deals”, options, rights-of-first-refusal or otherwise have been made to or with me with respect to any matter (including but not limited to any representations or promises regarding advertising (television or otherwise), marketing, site location, operational assistance or otherwise) nor have I relied in any way on any such except as expressly set forth in the Franchise Agreement or written addendum signed by me and an officer of Franchisor except as follows: _____
_____.

(If none, the prospective franchisee will write NONE in his/her own handwriting and initial same.) Franchisee's Initials _____

No oral, written or visual claim or representation, promise, agreement, contract, commitment, understanding or otherwise which contradicted, expanded upon or was inconsistent with the Franchise Disclosure Document or the Franchise Agreement was made to me by any person or entity, except as follows:
_____
_____. (If none, the

prospective franchisee will write NONE in his/her own handwriting and initial same.) Franchisee's Initials _____

Except as provided for in the Item 19 of the Franchise Disclosure Document, no oral, written or visual claim or representation (including but not limited to charts, tables, spreadsheets or mathematical calculations) which stated or suggested any specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained) was made to me by any person or entity, except as follows:

_____
_____. (If none, the prospective franchisee will write NONE in his/her own handwriting and initial same.) Franchisee's Initials _____

No contingency, condition, prerequisite, prior requirement, proviso, reservation, impediment, stipulation, provision or otherwise exists with respect to any matter (including but not limited to obtaining financing, selection, purchase, lease or otherwise of a site, operational matters or otherwise) and/or with respect to my fully performing all of my obligations under the Franchise Agreement and/or any other documents to be executed by me nor have I relied in any way on any such, except as expressly set forth in a writing signed by me and an officer of Franchisor, except as follows:

_____
_____. (If none, the prospective franchisee will write NONE in his/her own handwriting and initial same.)
Franchisee's Initials _____

I hereby understand that there will be no refunds. Franchisee's Initials _____

Except as set forth in Item 19 of the Franchise Disclosure Document, the Franchisor does not make or endorse nor does it allow any marketing representative, broker or other individual to make or endorse any oral, written, visual or other claim or representation (including but not limited to charts, tables, spreadsheets or mathematical calculations) which stated or suggested any specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained) with respect to this or any other Franchise, whether made on behalf or for Franchisor, any Franchisee or other individual and expressly disclaims any such information, data or results.

In addition, Franchisor does not permit any promises, agreements, contracts, commitments, understandings, “side-deals”, options, rights-of-first-refusal or otherwise or variations of, changes in or supplements to the Franchise Agreement or the existence of any contingencies or conditions to Franchisee's obligations except by means of a written Addendum signed by Franchisee and Franchisor.

If any such representations, “side-deals”, contingencies or otherwise have been made by you by any person or otherwise exist, immediately inform the President of Franchisor.

The prospective franchisee understands and agrees to all of the foregoing and certifies that all of the above statements are true, correct and complete.

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

FRANCHISEE:

Dated: _____ _____

EXHIBIT H
TO THE
UFC GYM FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

UG Franchise Operations, LLC

Financial Statements

December 31, 2024

UG Franchise Operations, LLC

Table of Contents
December 31, 2024

	Page
Independent Auditor's Report	1
Financial Statements	
Balance Sheet	3
Statement of Operations	4
Statement of Changes in Member's Capital	5
Statement of Cash Flows	6
Notes to Financial Statements	7

Independent Auditor's Report

To the Member of
UG Franchise Operations, LLC

Opinion

We have audited the financial statements of UG Franchise Operations, LLC (the Company), which comprise the balance sheet as of December 31, 2024, and the related statements of operations, changes in member's equity and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Costa Mesa, California
April 16, 2025

UG Franchise Operations, LLC

Balance Sheet
December 31, 2024

Assets		
Current Assets		
Cash	$	1,476,457
Accounts receivable, net		1,033,724
Inventory, net		1,345
Prepaid expenses and other current assets		85,129
Total current assets		2,596,655
Property and equipment, net		-
Due From Parent and Affiliates, Net (Note 2)		31,343,104
Deposits and Other Assets		95,473
Total assets	$	34,035,232
Liabilities and Member's Capital		
Current Liabilities		
Accounts payable	$	176,859
Accrued expenses and other current liabilities		501,579
Deferred revenue, current portion		1,336,305
Total current liabilities		2,014,743
Deferred Revenue, Net of Current Portion		5,933,120
Due to Related Party (Note 2)		64,355
Total liabilities		8,012,218
Commitments and Contingencies (Note 5)		
Member's Capital		26,328,140
Accumulated Deficit		(305,126)
Total member's capital		26,023,014
Total liabilities and member's capital	$	34,035,232

UG Franchise Operations, LLC

Statement of Operations
Year Ended December 31, 2024

Revenues		
Initial franchise fees	$	1,991,102
Franchise royalty fees		3,837,284
Equipment sales		1,631,993
Other income		265,645
Total revenues		7,726,024
Cost of Revenues		1,436,902
Gross profit		6,289,122
Selling, General and Administrative Expenses		2,360,522
Related-Party Royalty Expenses (Note 2)		64,354
Operating Expenses		2,424,876
Income from Operations		3,864,246
Other Income (Note 2)		908,342
Net Income	$	4,772,588

UG Franchise Operations, LLC

Statement of Changes in Member's Capital
Year Ended December 31, 2024

	Member's Capital	Accumulated Deficit	Total Member's Capital
Balance, January 1, 2024	$ 26,328,140	$ (5,077,714)	$ 21,250,426
Net income	-	4,772,588	4,772,588
Balance, December 31, 2024	$ 26,328,140	$ (305,126)	$ 26,023,014

UG Franchise Operations, LLC

Statement of Cash Flows
Year Ended December 31, 2024

Cash Flows From Operating Activities		
Net income	$	4,772,588
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		1,554
Non-cash gain from related party royalty write off		(908,342)
Allowance for credit losses		60,829
Changes in operating assets and liabilities:		
Accounts receivable		122,511
Inventory		(495)
Prepaid expenses and other current assets		2,567
Deposits and other assets		18,004
Accounts payable		(1,432,119)
Accrued expenses and other current liabilities		(858,430)
Deferred revenue		(1,161,679)
Due to related party		64,780
Net cash provided by operating activities		681,768
Cash Flows From Investing Activities		
Due from affiliates, net		(312,378)
Net cash used in investing activities		(312,378)
Net increase in cash		369,390
Cash, Beginning		1,107,067
Cash, Ending	$	1,476,457
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Income taxes	$	44,950

1. Nature of Business and Summary of Significant Accounting Policies

General

UG Franchise Operations, LLC (the Company or UG Franchise) is a Delaware limited liability company formed on December 20, 2012. The Company is a wholly owned subsidiary of Ultimate NeV, LLC (UNEV or Member).

UG Franchise is a franchising company that sells and grants franchises for the operation of clubs under the trade name UFC Gym. The Company owns a membership physical fitness system consisting of boxing, kickboxing and mixed martial arts training regimens, utilizing systems and products that are proprietary to the Company. The Company licenses its proprietary system to franchisees who provide facilities to promote the same training and instruction. UFC Gym is a licensee of the Ultimate Fighting Championship (UFC) trademarks from Zuffa, LLC.

The Zuffa, LLC license agreement provides for a perpetual term of the Company unless otherwise dissolved by election to dissolve by the Member, withdrawal or dissolution of the Member, or a decree of judicial dissolution.

Franchise locations consisted of the following as of December 31, 2024:

Domestic:	
In operation, beginning of year	61
Opened during the year	14
Closed during the year	(9)
In operation, end of year	66
Foreign:	
In operation, beginning of year	64
Opened during the year	13
Closed during the year	(11)
In operation, end of year	66

Basis of Presentation

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates determined by management are the allowance for doubtful accounts and estimated useful lives and carrying value and recoverability of long-lived assets.

Cash

The Company considers all highly liquid investments that are readily convertible to cash, with original maturity dates of three months or less, to be cash and cash equivalents. The Company did not have any cash equivalents as of December 31, 2024.

Accounts Receivable

Accounts receivables are stated at the amount the Company expects to collect and primarily consist of amounts due for master territory fees, franchise fees, and royalties earned from franchisees. The Company maintains allowances for credit losses for estimated losses resulting from the inability of its customers to make required payments. The Company performs ongoing credit evaluations of its customers. Accounts receivables are presented net of allowance for doubtful accounts and are considered past due if payments are not received in accordance with trade terms. Accounts receivables are written off after all efforts to collect have been exhausted. The Company evaluates the collectability of its receivables based on several factors, including market conditions, customer financial condition, and other circumstances. As of December 31, 2024, there was $121,247 in allowance for credit losses recorded.

As of December 31, 2024, the Company had approximately $366,667 of accounts receivable balances from international master territory agreements and approximately $667,057 accounts receivable balances primarily related to royalties, club fees, travel reimbursements, and consulting fees.

Prepaid Expenses and Other Current/ Non-Current Assets

Payments made to vendors for services that will benefit periods beyond December 31, 2024, are recorded as prepaid expenses.

The Company recognizes an asset for deferred commission expense directly related to obtaining new franchise agreements. The Company amortizes the asset over the franchise agreement term which is typically 10 years. As of December 31,2024, current deferred commissions are $30,086 and non-current deferred commissions are $95,473, which are included in prepaid expenses and other current assets and deposits and other assets, respectively.

Property and Equipment

Property and equipment are stated at cost and depreciated over their respective estimated useful lives using the straight-line method. Expenditures for repairs and maintenance are expensed as incurred. The gain or loss on disposal of property and equipment, if any, is the difference between the net disposal proceeds and the carrying amount of the disposed assets and is recognized in the accompanying statement of operations. The estimated useful lives of the Company's property and equipment, are as follows:

Equipment and hardware	3-5 years
Website and software	3 years

Income Taxes

The Company, with the consent of its Member, elected to be treated, under the provision of the Internal Revenue Code, as a partnership. Under such provision, in lieu of corporate income taxes, the Member is taxed on the Company's taxable income. Therefore, no provision or liability for income taxes for this entity is included in the accompanying financial statements, except for state-required limited liability company (LLC) fees and gross receipt LLC taxes. The Company is currently subject to state income tax examinations by tax authorities. Federal tax returns for the years 2021 to 2024 remain open for federal examination, and California tax returns for the years 2021 to 2024 remain open for state examination.

The Company applies the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, *Accounting for Uncertainty in Income Taxes* (ASC Topic 740). Based on its evaluation, under ASC Topic 740, the Company has concluded that

there are no significant uncertain tax positions requiring recognition in its financial statements, nor has the Company been assessed interest or penalties by any major tax jurisdictions. The Company's evaluation was performed for the tax year ended December 31, 2024.

Revenue Recognition

The Company accounts for revenue under ASC Topic 606, *Revenue from Contracts with Customers* (ASC Topic 606). Revenue recognition policies for franchise fees, royalty fees and equipment sales are discussed below.

Initial Franchise Fees

Revenue from domestic and international franchisees includes a nonrefundable initial franchise fee. The Company's obligations under the franchise agreement are providing a variety of assistance and services, including site selection assistance, design services and training on operating procedures. These obligations are highly interrelated and are not individually distinct within the context of the contract.

Consistent to the ASC Topic 606, the initial franchise fee is accounted for as a single performance obligation and recognized as revenue on a straight-line basis over the term of the respective franchise agreement. Revenue from initial franchise fees are attributable to performance obligations which are required to be provided by the Company over a period of time over the remaining life of the contract, which as of December 31, 2024 have not yet been fully satisfied, and are, therefore, included in deferred revenue as a contract liability in the accompanying balance sheet.

Under ASC Topic 606, if the Company exercises its right to terminate an agreement for any franchise agreement that has become dormant, as defined by the agreement, the fees collected up to that point will be fully recognized as revenue upon termination.

Club Fees

International franchisees pay additional fees to the Company upon the opening of a new licensed club or sublicensed club. Each franchise agreement contains a unique development schedule containing the agreed-upon timing of the future club openings. The amounts, timing and other details are specific to each international agreement. As the Company has concluded that this activity does not meet the constraints to be recognized as variable consideration under the franchise agreement, such fees are recognized upon occurrence.

Transfer Fees

The franchisees can transfer their contract to another party for a fee. The Company has concluded this activity to be a stand-alone performance obligation that is satisfied upon granting the transfer and releasing the previous franchisee from the terms of the agreement.

Franchise Royalty Fees

Franchisees are charged a royalty fee of the franchisees' monthly gross revenues or, if applicable, an annual minimum royalty guarantee payment, whichever is greater, as defined by the franchise agreement. The single performance obligation related to licensing is granting certain rights to use the Company's intellectual property, which is satisfied over the term of each franchise agreement.

Equipment Sales

Franchisees pay the Company a nonrefundable lump-sum payment for a start-up package. The start-up package can include fitness equipment, audio-video components, flooring, lockers, other fixtures and other goods for the gym. Revenue is recognized when all items have been delivered

and installed, at which time title passes. In most instances, the Company recognizes equipment revenue on a gross basis, as management has determined the Company to be the principal in these transactions since the Company controls the equipment prior to delivery to the customer.

Concentration Risk

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. As of December 31, 2024, the Company had approximately $1,085,214 respectively, in excess of FDIC-insured limits. The Company has not experienced any losses in such accounts.

As of December 31, 2024, two customers, each of who accounted for more than 10% of the Company's accounts receivable, accounted for 48% of total accounts receivable in aggregate.

2. Related-Party Transactions

Due From Parent and Affiliates

At times, the Company pays for expenses that are incurred by affiliated entities (through common ownership). Such amounts which have not been reimbursed to the Company are recorded on the accompanying balance sheet as due from parent and affiliates. Due from affiliates is offset by payments made by affiliates to third parties for expenses incurred by the Company. Net amounts for expense reimbursements due from affiliates as of December 31, 2024 were approximately $31.3 million and are included in due from parent and affiliates on the accompanying balance sheet.

Due to Related Party

The Company and Zuffa, LLC (Zuffa), a related party, operate under a royalty agreement where the Company is subject to a tiered royalty on total franchise revenue. Royalties to related party are accrued based on a percentage of revenue.

On February 23, 2024, the Company and Zuffa amended its licensing agreement whereby Zuffa extinguished all prior royalties owed as of the execution date totaling $908,342 which is included in other income on the statement of operations. No other material modifications were made to the licensing agreement.

For the year ended December 31, 2024, the Company incurred $64,355 in royalty fees to Zuffa, which is included in related party royalty expenses on the accompanying statement of operations. As of December 31, 2024, the total balance due to Zuffa amounted to $64,355, which is included in due to related party on the accompanying balance sheet.

3. Property and Equipment

Equipment and website consisted of the following as of December 31, 2024:

Equipment and hardware	$	129,052
Website and software		272,123
Less accumulated depreciation and amortization		(401,175)
Total	$	-

Depreciation and amortization expense for the year ended December 31, 2024, amounted to $1,554, which is included in selling, general and administrative expenses on the accompanying statement of operations.

4. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following as of December 31, 2024:

Accrued startup install costs	$	14,697
Accrued bonus		24,861
Accrued sales and use tax		282,974
Other		179,047
Total	$	501,579

As of December 31, 2024, other accrued liabilities totaled $179,047 and primarily consist of an expected refund to a franchisee related to an undelivered equipment package. The Company expects to resolve the obligation in the normal course of operations.

5. Commitments and Contingencies

Litigation

The Company is involved in various disputes, claims and litigation matters arising out of the normal course of business. In the opinion of the Company's management, none of these proceedings will have a material adverse effect on the Company's financial position or results of operations and cash flows. During the year ended December 31, 2024, the Company incurred no material legal and settlement expenses.

6. Member’s Capital

The Company is a wholly owned subsidiary of Ultimate NeV, LLC (UNEV or Member). The Company does not maintain separate accounts for components of member’s equity. As of December 31, 2024, total member’s capital total $26,023,014.

7. Subsequent Events

The Company has evaluated subsequent events through April 16, 2025, which is the date the financial statements were available to be issued. Management has concluded that no events have occurred subsequent to December 31, 2024 that require consideration as adjustments to or disclosure in the financial statements.

UG Franchise Operations, LLC

Financial Statements

December 31, 2023

UG Franchise Operations, LLC

Table of Contents
December 31, 2023

	Page
Independent Auditor's Report	1
Financial Statements	
Balance Sheet	3
Statement of Operations	4
Statement of Changes in Member's Capital	5
Statement of Cash Flows	6
Notes to Financial Statements	7

Independent Auditor's Report

To the Member of
UG Franchise Operations, LLC

Opinion

We have audited the financial statements of UG Franchise Operations, LLC (the Company), which comprise the balance sheet as of December 31, 2023, and the related statements of operations, changes in member's equity and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Costa Mesa, California
April 12, 2024

UG Franchise Operations, LLC

Balance Sheet
December 31, 2023

Assets		
Current Assets		
Cash	$	1,107,067
Accounts receivable, net		1,217,064
Inventory, net		850
Prepaid expenses and other current assets		87,696
Total current assets		2,412,677
Property and equipment, net		1,554
Due From Parent and Affiliates, Net (Note 2)		31,030,726
Deposits and Other Assets		113,477
Total assets	$	33,558,434
Liabilities and Member's Capital		
Current Liabilities		
Accounts payable	$	1,608,977
Accrued expenses and other current liabilities		1,360,010
Deferred revenue, current portion		1,485,610
Total current liabilities		4,454,597
Deferred Revenue, Net of Current Portion		6,945,494
Due to Related Party (Note 2)		907,917
Total liabilities		12,308,008
Commitments and Contingencies (Note 5)		
Member's Capital		26,328,140
Accumulated Deficit		(5,077,714)
Total member's capital		21,250,426
Total liabilities and member's capital	$	33,558,434

UG Franchise Operations, LLC

Statement of Operations
Year Ended December 31, 2023

Revenues		
Initial franchise fees	$	2,572,498
Franchise royalty fees		3,345,982
Equipment sales		4,891,482
Other income		555,047
Total revenues		11,365,009
Cost of Revenues		4,607,074
Gross profit		6,757,935
Selling, General and Administrative Expenses		2,216,388
Related-Party Royalty Expenses (Note 2)		278,678
Operating expenses		2,495,066
Net income	$	4,262,869

UG Franchise Operations, LLC

Statement of Changes in Member's Capital
Year Ended December 31, 2023

	Member's Capital	Accumulated Deficit	Total Member's Capital
Balance, January 1, 2023	$ 26,328,140	$ (9,340,583)	$ 16,987,557
Net income	-	4,262,869	4,262,869
Balance, December 31, 2023	$ 26,328,140	$ (5,077,714)	$ 21,250,426

UG Franchise Operations, LLC

Statement of Cash Flows
Year Ended December 31, 2023

Cash Flows From Operating Activities		
Net income	$	4,262,869
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		18,713
Allowance for doubtful accounts		374,865
Changes in operating assets and liabilities:		
Accounts receivable		(733,615)
Inventory		(850)
Prepaid expenses and other current assets		26,879
Accounts payable		1,070,234
Accrued expenses and other current liabilities		458,662
Deferred revenue		(1,957,166)
Deferred commission		(149,216)
Due to parent and affiliates, net		278,678
Net cash provided by operating activities		3,650,053
Cash Flows From Investing Activities		
Due from affiliates, net		(2,934,977)
Net cash used in investing activities		(2,934,977)
Net increase in cash		715,076
Cash, Beginning		391,991
Cash, Ending	$	1,107,067
Supplemental Disclosures of Cash Flow Information		
Income taxes	$	19,130

1. Nature of Business and Summary of Significant Accounting Policies

General

UG Franchise Operations, LLC (the Company or UG Franchise) is a Delaware limited liability company formed on December 20, 2012. The Company is a wholly owned subsidiary of Ultimate NeV, LLC (UNEV or Member).

UG Franchise is a franchising company that sells and grants franchises for the operation of clubs under the trade name UFC Gym. The Company owns a membership physical fitness system consisting of boxing, kickboxing and mixed martial arts training regimens, utilizing systems and products that are proprietary to the Company. The Company licenses its proprietary system to franchisees who provide facilities to promote the same training and instruction. UFC Gym is a licensee of the Ultimate Fighting Championship (UFC) trademarks from Zuffa, LLC.

The Zuffa, LLC license agreement provides for a perpetual term of the Company unless otherwise dissolved by election to dissolve by the Member, withdrawal or dissolution of the Member, or a decree of judicial dissolution.

Franchise locations consisted of the following as of December 31, 2023:

Domestic:	
In operation, beginning of year	61
Opened during the year	5
Corporate Transfers	4
Closed during the year	(9)
In operation, end of year	61
Foreign:	
In operation, beginning of year	53
Opened during the year	20
Closed during the year	(9)
In operation, end of year	64

Basis of Presentation

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates determined by management are the allowance for doubtful accounts and estimated useful lives and carrying value and recoverability of long-lived assets.

Cash

The Company considers all highly liquid investments that are readily convertible to cash, with original maturity dates of three months or less, to be cash and cash equivalents. The Company did not have any cash equivalents as of December 31, 2023.

Accounts Receivable

On January 1, 2023, the Company adopted ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326), which replaces the incurred loss model with a current expected credit loss ("CECL") model and requires consideration of a broader range of reasonable and supportable information to explain credit loss estimates. ASU 2016-13 applies to financial assets, measured at amortized cost, including loans, held-to-maturity debt securities, net investments in leases and trade accounts receivable. ASU 2016-13 must be adopted using a modified retrospective transition method through a cumulative-effect adjustment to members' equity in the period of adoption. The Company adopted the new standard as of January 1, 2023. The adoption of ASU 2016-13 did not have a material impact on the Company's financial statements.

Accounts receivables are stated at the amount the Company expects to collect and primarily consist of amounts due for master territory fees, franchise fees, royalties, and equipment sales earned from franchisees. The Company maintains allowances for credit losses for estimated losses resulting from the inability of its customers to make required payments. The Company performs ongoing credit evaluations of its customers. Accounts receivables are presented net of allowance for doubtful accounts and are considered past due if payments are not received in accordance with trade terms. Accounts receivables are written off after all efforts to collect have been exhausted. The Company evaluates the collectability of its receivables based on several factors, including market conditions, customer financial condition, and other circumstances. As of December 31, 2023, there was $185,035 in allowance for doubtful accounts recorded.

As of December 31, 2023, the Company had approximately $150,525 of accounts receivable balance, net, from an international master territory agreement and approximately $1,066,539 accounts receivable balances primarily related to international/domestic royalties, domestic franchise agreements, consulting fees, and equipment sales.

Prepaid Expenses and Other Current/ Non-Current Assets

Payments made to vendors for services that will benefit periods beyond December 31, 2023, are recorded as prepaid expenses.

The Company recognizes an asset for deferred commission expense directly related to obtaining new franchise agreements. The Company amortizes the asset over the franchise agreement term which is typically 10 years. The ending balances of assets recognized from deferred commission are $35,739 current assets and $113,477 non-current assets, which are included in prepaid expenses & other current assets and deposits & other assets, respectively.

Property and Equipment

Property and equipment are stated at cost and depreciated over their respective estimated useful lives using the straight-line method. Expenditures for repairs and maintenance are expensed as incurred. The gain or loss on disposal of property and equipment, if any, is the difference between the net disposal proceeds and the carrying amount of the disposed assets and is recognized in the accompanying statement of operations. The estimated useful lives of the Company's property and equipment, are as follows:

Equipment and hardware	3-5 years
Website and software	3 years

Income Taxes

The Company, with the consent of its Member, elected to be treated, under the provision of the Internal Revenue Code, as a partnership. Under such provision, in lieu of corporate income taxes, the Member is taxed on the Company's taxable income. Therefore, no provision or liability for income taxes for this entity is included in the accompanying financial statements, except for state-required limited liability company (LLC) fees and gross receipt LLC taxes. The Company is currently subject to state income tax examinations by tax authorities. Federal tax returns for the years 2020 to 2023 remain open for federal examination, and California tax returns for the years 2020 to 2023 remain open for state examination.

The Company applies the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, *Accounting for Uncertainty in Income Taxes* (ASC Topic 740). Based on its evaluation, under ASC Topic 740, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements, nor has the Company been assessed interest or penalties by any major tax jurisdictions. The Company's evaluation was performed for the tax year ended December 31, 2023.

Revenue Recognition

The Company accounts for revenue under ASC Topic 606, *Revenue from Contracts with Customers* (ASC Topic 606). Revenue recognition policies for franchise fees, royalty fees and equipment sales are discussed below.

Initial Franchise Fees

Revenue from domestic and international franchisees includes a nonrefundable initial franchise fee. The Company's obligations under the franchise agreement are providing a variety of assistance and services, including site selection assistance, design services and training on operating procedures. These obligations are highly interrelated and are not individually distinct within the context of the contract.

Consistent to the ASC Topic 606, the initial franchise fee is accounted for as a single performance obligation and recognized as revenue on a straight-line basis over the term of the respective franchise agreement. Revenue from initial franchise fees are attributable to performance obligations which are required to be provided by the Company over a period of time over the remaining life of the contract, which as of December 31, 2023 have not yet been fully satisfied, and are, therefore, included in deferred revenue as a contract liability in the accompanying balance sheet.

Under ASC Topic 606, if the Company exercises its right to terminate an agreement for any franchise agreement that has become dormant, as defined by the agreement, the fees collected up to that point will be fully recognized as revenue upon termination.

Club Fees

International franchisees pay additional fees to the Company upon the opening of a new licensed club or sublicensed club. Each franchise agreement contains a unique development schedule containing the agreed-upon timing of the future club openings. The amounts, timing and other details are specific to each international agreement. As the Company has concluded that this activity does not meet the constraints to be recognized as variable consideration under the franchise agreement, such fees are recognized upon occurrence.

Transfer Fees

The franchisees can transfer their contract to another party for a fee. The Company has concluded this activity to be a stand-alone performance obligation that is satisfied upon granting the transfer and releasing the previous franchisee from the terms of the agreement.

Franchise Royalty Fees

Franchisees are charged a royalty fee of the franchisees' monthly gross revenues or, if applicable, an annual minimum royalty guarantee payment, whichever is greater, as defined by the franchise agreement. The single performance obligation related to licensing is granting certain rights to use the Company's intellectual property, which is satisfied over the term of each franchise agreement.

Equipment Sales

Franchisees pay the Company a nonrefundable lump-sum payment for a start-up package. The start-up package can include fitness equipment, audio-video components, flooring, lockers, other fixtures and other goods for the gym. Revenue is recognized when all items have been delivered and installed, at which time title passes. In most instances, the Company recognizes equipment revenue on a gross basis, as management has determined the Company to be the principal in these transactions since the Company controls the equipment prior to delivery to the customer.

Concentration Risk

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At December 31, 2023, the Company had approximately $857,067 respectively, in excess of FDIC-insured limits. The Company has not experienced any losses in such accounts.

At December 31, 2023, four customers, each of who accounted for more than 10% of the Company’s accounts receivable, accounted for 72% of total accounts receivable in aggregate.

2. Related-Party Transactions

Due From Parent and Affiliates

At times, the Company pays for expenses that are incurred by affiliated entities (through common ownership). Such amounts which have not been reimbursed to the Company are recorded on the accompanying balance sheet as due from parent and affiliates. Due from affiliates is offset by payments made by affiliates to third parties for expenses incurred by the Company. Net amounts for expense reimbursements due from affiliates as of December 31, 2023 were approximately $31.0 million and are included in due from parent and affiliates on the accompanying balance sheet.

Due to Related Party

The Company and Zuffa, LLC (Zuffa), a related party, operate under a royalty agreement where the Company is subject to a tiered royalty on total franchise revenue. Royalties to related party are accrued based on a percentage of revenue. Payment in cash can only be triggered based on certain financial performance at the consolidated parent company level or upon a change in control event. Management does not expect any payments to occur in the next 12 months.

For the year ended December 31, 2023, the Company incurred $278,678 in royalty fees to Zuffa, which is included in related party royalty expenses on the accompanying statement of operations. As of December 31, 2023, the total balance due to Zuffa amounted to $907,917, which is included in due to related party on the accompanying balance sheet.

Subsequent to the year end, the Company and Zuffa amended its licensing agreement whereby Zuffa extinguished all royalties owed as of the execution date (Refer to Note 7).

3. Property and Equipment

Equipment and website consisted of the following as of December 31, 2023:

Equipment and hardware	$	129,052
Website and software		272,123
Less accumulated depreciation and amortization		(399,621)
Total	$	1,554

Depreciation and amortization expense for the year ended December 31, 2023, amounted to $18,713, which is included in selling, general and administrative expenses on the accompanying statement of operations.

4. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following as of December 31, 2023:

Accrued startup install costs	$	986,025
Accrued bonus		14,342
Accrued sales and use tax		190,845
Other		168,798
Total	$	1,360,010

5. Commitments and Contingencies

Litigation

The Company is involved in various disputes, claims and litigation matters arising out of the normal course of business. In the opinion of the Company's management, none of these proceedings will have a material adverse effect on the Company's financial position or results of operations and cash flows. During the year ended December 31, 2023, the Company incurred no material legal and settlement expenses.

6. Member's Capital

The Company is a wholly owned subsidiary of Ultimate NeV, LLC (UNEV or Member). The Company does not maintain separate accounts for components of member's equity. As of December 31, 2023, total member's capital total $21,250,426.

7. Subsequent Events

The Company has evaluated subsequent events through April 12, 2024, which is the date the financial statements were available to be issued.

On February 23, 2024, the Company and Zuffa amended its licensing agreement whereby Zuffa extinguished all royalties owed as of the execution date. No other material modifications were made to the licensing agreement.

UG Franchise Operations, LLC

Financial Statements

December 31, 2022

UG Franchise Operations, LLC

Table of Contents
December 31, 2022

	Page
Independent Auditor's Report	1
Financial Statements	
Balance Sheet	3
Statement of Operations	4
Statement of Changes in Member's Capital	5
Statement of Cash Flows	6
Notes to Financial Statements	7

Independent Auditor's Report

To the Member of
UG Franchise Operations, LLC

Opinion

We have audited the financial statements of UG Franchise Operations, LLC (the Company), which comprise the balance sheet as of December 31, 2022, and the related statements of operations, changes in member's equity and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Baker Tilly US, LLP

Irvine, California
March 31, 2023

UG Franchise Operations, LLC

Balance Sheet
December 31, 2022

Assets	
Current Assets	
Cash	$ 391,991
Accounts receivable, net	858,315
Prepaid expenses and other current assets	78,836
Total current assets	1,329,142
Property and Equipment, Net	20,267
Due From Parent and Affiliates, Net (Note 2)	28,095,748
Total assets	$ 29,445,157
Liabilities and Members' Capital	
Current Liabilities	
Accounts payable	$ 538,743
Accrued expenses and other current liabilities	901,348
Deferred revenue, current portion	1,654,012
Total current liabilities	3,094,103
Deferred Revenue, Net of Current Portion	8,734,258
Due to Related Party (Note 2)	629,239
Total liabilities	12,457,600
Commitments and Contingencies (Note 5)	
Member's Capital	26,328,140
Accumulated Deficit	(9,340,583)
Total member's capital	16,987,557
Total liabilities and member's capital	$ 29,445,157

See notes to financial statements

UG Franchise Operations, LLC

Statement of Operations
Year Ended December 31, 2022

Revenues		
Initial franchise fees	$	1,900,736
Franchise royalty fees		3,378,464
Equipment sales		4,412,385
Other income		235,818
Total revenues		9,927,403
Cost of Revenues		4,021,659
Gross profit		5,905,744
Selling, General and Administrative Expenses		2,850,603
Related-Party Royalty Expenses (Note 2)		237,897
Income from continuing operations		2,817,244
Discontinued Operations		
Loss from operations of discontinued retail activities		194,561
Net income	$	2,622,683

See notes to financial statements

UG Franchise Operations, LLC

Statement of Changes in Member's Capital
Year Ended December 31, 2022

	Member's Capital	Accumulated Deficit	Total Member's Capital
Balance, January 1, 2022	$ 26,328,140	$ (11,963,266)	$ 14,364,874
Net income	-	2,622,683	2,622,683
Balance, December 31, 2022	$ 26,328,140	$ (9,340,583)	$ 16,987,557

See notes to financial statements

UG Franchise Operations, LLC

Statement of Cash Flows
Year Ended December 31, 2022

Cash Flows From Operating Activities		
Net income	$	2,622,683
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		20,347
Loss on sale of assets		56,287
Allowance for doubtful accounts		62,496
Changes in operating assets and liabilities:		
Accounts receivable		152,330
Inventory		112,825
Prepaid expenses and other current assets		243,832
Accounts payable		91,484
Accrued expenses and other current liabilities		(181,860)
Deferred revenue		(1,218,607)
Due to parent and affiliates, net		237,897
Net cash provided by operating activities		2,199,714
Cash Flows From Investing Activities		
Due from affiliates, net		(3,802,712)
Net cash used in investing activities		(3,802,712)
Net decrease in cash		(1,602,998)
Cash, Beginning		1,994,988
Cash, Ending	$	391,990
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Interest	$	-
Income taxes	$	17,512

See notes to financial statements

1. Nature of Business and Summary of Significant Accounting Policies

General

UG Franchise Operations, LLC (the Company or UG Franchise) is a Delaware limited liability company formed on December 20, 2012. The Company is a wholly owned subsidiary of Ultimate NeV, LLC (UNEV or Member).

UG Franchise is a franchising company that sells and grants franchises for the operation of clubs under the trade name UFC Gym. The Company owns a membership physical fitness system consisting of boxing, kickboxing and mixed martial arts training regimens, utilizing systems and products that are proprietary to the Company. The Company licenses its proprietary system to franchisees who provide facilities to promote the same training and instruction. UFC Gym is a brand extension of the Ultimate Fighting Championship, which is owned by a related party.

The LLC agreement provides for a perpetual term of the Company unless otherwise dissolved by election to dissolve by the Member, withdrawal or dissolution of the Member, or a decree of judicial dissolution.

Franchise locations consisted of the following as of December 31, 2022:

Domestic:	
In operation, beginning of year	65
Opened during the year	13
Closed during the year	(17)
In operation, end of year	61
Foreign:	
In operation, beginning of year	45
Opened during the year	10
Closed during the year	(2)
In operation, end of year	53

Basis of Presentation

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates determined by management are the allowance for doubtful accounts and estimated useful lives and carrying value and recoverability of long-lived assets.

Cash

The Company considers all highly liquid investments that are readily convertible to cash, with original maturity dates of three months or less, to be cash and cash equivalents. The Company did not have any cash equivalents as of December 31, 2022.

Accounts Receivable

Accounts receivable consist of amounts due for master territory fees, royalty fees, and equipment sales earned from franchisees. The Company performs ongoing credit evaluations of its customers. Accounts receivable are presented net of allowance for doubtful accounts and are considered past due if payments are not received in accordance with trade terms. Accounts receivable are written off after all efforts to collect have been exhausted. The Company evaluates the collectability of its receivables based on several factors, including market conditions, customer financial condition, and other circumstances. As of December 31, 2022, there was $62,496 in allowance for doubtful accounts recorded.

As of December 31, 2022, the Company had approximately $203,025 of accounts receivable balances, net, from two international master territory agreements and approximately $655,290 accounts receivable balances related to domestic franchise agreements, international/domestic royalties, consulting fees, and equipment sales.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2022 are recorded as prepaid expenses.

Property and Equipment

Property and equipment are stated at cost and depreciated over their respective estimated useful lives using the straight-line method. The estimated useful life of equipment is five years. Expenditures for repairs and maintenance are expensed as incurred. The gain or loss on disposal of property and equipment, if any, is the difference between the net disposal proceeds and the carrying amount of the disposed assets and is recognized in the accompanying statement of operations.

Income Taxes

The Company, with the consent of its Member, elected to be treated, under the provision of the Internal Revenue Code, as a partnership. Under such provision, in lieu of corporate income taxes, the Member is taxed on the Company's taxable income. Therefore, no provision or liability for income taxes for this entity is included in the accompanying financial statements, except for state-required limited liability company (LLC) fees and gross receipt LLC taxes. The Company is currently subject to state income tax examinations by tax authorities. Federal tax returns for the years 2019 to 2022 remain open for federal examination, and California tax returns for the years 2019 to 2022 remain open for state examination.

The Company applies the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, *Accounting for Uncertainty in Income Taxes* (ASC Topic 740). Based on its evaluation, under ASC Topic 740, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements, nor has the Company been assessed interest or penalties by any major tax jurisdictions. The Company's evaluation was performed for the tax year ended December 31, 2022.

Revenue Recognition

The Company accounts for revenue under ASC Topic 606, *Revenue from Contracts with Customers* (ASC Topic 606). Revenue recognition policies for franchise fees, royalty fees and equipment sales are discussed below.

Initial Franchise Fees

Revenue from domestic and international franchisees includes a nonrefundable initial franchise fee. The Company's obligations under the franchise agreement are providing a variety of assistance and services, including site selection assistance, design services and training on operating procedures. These obligations are highly interrelated and are not individually distinct within the context of the contract. Therefore, the Company accounts for initial franchise fees under ASC Topic 606 as a single performance obligation, which is recognized as earned over the duration of the related franchise agreements.

The initial franchise fee is assigned to the performance obligation and recognized as revenue on a straight-line basis over the term of the respective franchise agreement. Revenue from initial franchise fees are attributable to performance obligations which are required to be provided by the Company over a period of time over the remaining life of the contract, which as of December 31, 2022 have not yet been fully satisfied, and are, therefore, included in deferred revenue as a contract liability in the accompanying balance sheet.

Under ASC Topic 606, if the Company exercises its right to terminate an agreement for any franchise agreement that has become dormant, as defined by the agreement, the fees collected up to that point will be fully recognized as revenue upon termination.

Club Fees

International franchisees pay additional fees to the Company upon the opening of a new licensed club or sublicensed club. Each franchise agreement contains a unique development schedule containing the agreed-upon timing of the future club openings. The amounts, timing and other details are specific to each international agreement. As the Company has concluded that this activity does not meet the constraints to be recognized as variable consideration under the franchise agreement, such fees are recognized upon occurrence.

Transfer Fees

The franchisees can transfer their contract to another party for a fee. The Company has concluded this activity to be a stand-alone performance obligation that is satisfied upon granting the transfer and releasing the previous franchisee from the terms of the agreement.

Franchise Royalty Fees

Franchisees are charged a royalty fee of the franchisees' monthly gross revenues or, if applicable, an annual minimum royalty guarantee payment, whichever is greater, as defined by the franchise agreement. The single performance obligation related to licensing is granting certain rights to use the Company's intellectual property, which is satisfied over the term of each franchise agreement.

Equipment Sales

Franchisees pay the Company a nonrefundable lump-sum payment for a start-up package. The start-up package can include fitness equipment, audio-video components, flooring, lockers, other fixtures and other goods for the gym. Revenue is recognized when all items have been delivered and installed, at which time title passes. In most instances, the Company recognizes equipment revenue on a gross basis, as management has determined the Company to be the principal in these transactions since the Company controls the equipment prior to delivery to the customer.

Subsequent Events

The Company has evaluated subsequent events through March 31, 2023, which is the date the financial statements were available to be issued. Management has concluded that no events have occurred subsequent to December 31, 2022 that require consideration as adjustments to or disclosure in the financial statements.

2. Related-Party Transactions

Product Sales to Affiliates

There were $752,816 of product sales to affiliated companies during the year ended December 31, 2022. The cumulative amounts associated with product sales purchased by affiliated companies and other expenses as of December 31, 2022 was approximately $9.9 million, which are included in due from parent and affiliates on the accompanying balance sheet.

Other Amounts Due From Parent and Affiliates

At times, the Company pays for expenses that are incurred by affiliated entities (through common ownership). Such amounts which have not been reimbursed to the Company are recorded on the accompanying balance sheet as due from parent and affiliates. Due from affiliates is offset by payments made by affiliates to third parties for expenses incurred by the Company. Net amounts for expense reimbursements due from affiliates as of December 31, 2022 were approximately $18.2 million and are included in due from parent and affiliates on the accompanying balance sheet.

Due to Related Party

The Company and Zuffa, LLC (Zuffa), a related party, operate under a royalty agreement where the Company is subject to a tiered royalty on total franchise revenue. Royalties to related party are accrued based on a percentage of revenue. Payment in cash can only be triggered based on certain financial performance at the consolidated parent company level or upon a change in control event. Management does not expect any payments to occur in the next 12 months.

For the year ended December 31, 2022, the Company incurred $237,897 in royalty fees to Zuffa, which is included in related party royalty expenses on the accompanying statement of operations. As of December 31, 2022, the total balance due to Zuffa amounted to $629,239, which is included in due to related party on the accompanying balance sheet.

Sale to Related Party

On September 9, 2022, the Company sold its retail segment which included all inventories located in its third-party managed warehouses, goods in-transit, deposits related to work in progress, and product samples to P5 Wear, LLC (managed by a related party) for $794,358. During the year ended December 31, 2022, the Company incurred a loss of $56,288 for this transaction primarily related to the inventory sold, which was included as a component of discontinued operations. In conjunction with the sale, for a specified time, the Company agreed to exclusively purchase all Company's branded inventories from P5 Wear, LLC. The Company no longer holds any inventory or retail related liabilities as of December 31, 2022. In 2022, the Company had $445,099 in retail revenue which is included in the loss from operations of discontinued retail activities of $194,561 in the accompanying statement of operations.

3. Property and Equipment

Equipment and website consisted of the following as of December 31, 2022:

Equipment and hardware	$	129,052
Website and software		272,123
Less accumulated depreciation and amortization		(380,908)
Total	$	20,267

Depreciation and amortization expense for the year ended December 31, 2022 amounted to $20,347, which is included in selling, general and administrative expenses on the accompanying statement of operations.

4. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following as of December 31, 2022:

Accrued startup install costs	$	469,398
Accrued bonus		206,180
Accrued sales and use tax		183,390
Other		42,380
Total	$	901,348

5. Commitments and Contingencies

Litigation

The Company is involved in various disputes, claims and litigation matters arising out of the normal course of business. In the opinion of the Company's management, none of these proceedings will have a material adverse effect on the Company's financial position or results of operations and cash flows. During the year ended December 31, 2022, the Company incurred no material legal and settlement expenses.

EXHIBIT I
TO THE
UFC GYM FRANCHISE DISCLOSURE DOCUMENT

CONSENT TO TRANSFER AGREEMENT

This Consent to Transfer Agreement ("**Agreement**") is made and entered into on _____, ___, 20___ (the "**Effective Date**"), by and between: (i) UG Franchise Operations, LLC, a California limited liability company with a business address at 4160 Temescal Canyon Road, Suite 112, Corona, CA 92883 ("**Franchisor**"); (ii) _____, with a business address at _____ ("**Transferor**"); (iii) _____, with an address at _____ **("Transferor Guarantor")**; (iv) _____, with a business address of _____ ("**Transferee**"); and (v) _____ with an address at _____ ("**Transferee Guarantor**").

BACKGROUND

A. On or about_____, Franchisor and Transferor entered into a franchise agreement (the "**Franchise Agreement**") pursuant to which Transferor obtained the right and undertook the obligation to operate a UFC GYM franchised business (the "**Franchised Business**") for a term of 10 years (the "**Term**").

B. Contemporaneous with the execution of the Franchise Agreement (as amended), Transferor Guarantor entered into Franchisor's prescribed form of Owner's Guaranty (the **"Guaranty"**), pursuant to which Transferor Guarantor agreed to guarantee and be personally liable in connection with each of Transferor's duties and obligations set forth in the Franchise Agreement.

C. Transferor and Transferor Guarantor indicated to Franchisor their desire to assign and transfer their rights, obligations, title and interest in the Franchise Agreement and Franchised Business to Transferee, in compliance with the terms of Article 10 of the Franchise Agreement, and Transferee has indicated its desire to purchase such rights, obligations, title, and interest in the Franchise Agreement and Franchised Business pursuant to a separate purchase agreement (the "**Purchase Agreement**").

D. As required under the Franchise Agreement, Franchisor consents to the transfer described above, expressly subject to the terms and conditions set forth in this Agreement.

AGREEMENT

In consideration of the aforementioned recitals and the mutual promises and covenants contained in this Agreement, as well as other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. Background; Definitions.

(a) The parties agree and acknowledge that the Background portion of this Agreement, including all definitions, representations and provisions set forth therein, is hereby incorporated by reference as if fully set forth in this Section.

(b) For purposes of this Agreement, if a capitalized term in this Agreement is not specifically defined herein, that term will be given the same definition that the term is afforded in the Franchise Agreement.

2. Assignment and Assumption; Consent to Transfer; Acknowledgment.

(a) *Assignment*. Transferor hereby assigns and transfers over to Transferee all of their rights, titles, obligations, and interest in and to the Franchise Agreement and Franchised Business.

(b) *Assumption*. Transferee hereby assumes all of Transferor's obligations, assignments, commitments, duties and liabilities under the Franchise Agreement.

(c) *Consent*. Subject to compliance with the terms of the Franchise Agreement, and also subject to the terms and conditions of this Agreement, including the specific conditions set forth in Section 3 below, Franchisor hereby consents to the foregoing assignment and assumption and hereby waives its right of first refusal in connection therewith.

3. Conditions to Transfer. Franchisor's consent to the assignment and assumption described in Section 2 above is conditioned upon the completion of all of the following: (i) Transferor and Transferee must fully close under the Purchase Agreement in accordance with its terms as approved by Franchisor; (ii) Franchisor's receipt of a transfer fee equal to the following: if you are transferring a UFC GYM Jiu Jitsu location, $10,000; if you are transferring CLASS by UFC GYM location, $15,000; if you are transferring a UFC GYM (Core) location, $20,000; and if you are transferring a UFC GYM (Signature) / UFC FIT location, $25,000; (iii) Transferor and Transferor Guarantor complying with the post-term obligations set forth in the Franchise Agreement; and (iv) Transferee Guarantor must have executed the Guaranty, as provided in Section 5.

4. Additional Conditions for Franchisor's Consent. The parties agree and acknowledge that Franchisor's consent to this assignment is further conditioned on the following:

a. Contemporaneous with the execution of this Agreement, the parties agree and acknowledge that Transferee will execute Franchisor's current form of franchise agreement for the Franchised Business (the **"Transferee Franchise Agreement"**) for the remainder of the term of the Franchise Agreement. Upon execution of the Transferee Franchise Agreement, the parties agree and acknowledge that (a) the Franchise Agreement shall be terminated and otherwise will be of no further force or effect; and (b) Transferor and Transferor Guarantor will remain bound by all post-term obligations under the Franchise Agreement. Franchisor further agrees and acknowledges that Transferor will not be required to pay Franchisor an initial franchise fee for the right to operate the Franchised Business under the Transferee Franchise Agreement.

b. Transferor and Transferee represent and warrant that they have obtained the necessary permission and authority to complete the assignment contemplated herein.

5. Guaranty. Transferee Guarantor agrees to execute Franchisor's prescribed form of Owner's Guaranty, and to personally guaranty all of the obligations of the "Franchisee" under the Transferee Franchise Agreement with the same force and effect as if the Transferee Franchise Agreement were originally written with Transferee Guarantor as the "Franchisee".

6. Effect of Failure to Successfully Meet Conditions to Transfer. In the event the parties fail to meet the conditions to transfer set forth in Sections 3 and above, the transfer contemplated in Section 2 of this Agreement will be null and void.

7. Release by Transferor and Transferor Guarantor. Transferor and Transferor Guarantor, for themselves and all persons and entities claiming by, through, or under them, hereby release, acquit and forever discharge Franchisor and its present and former officers, employees, shareholders, directors, members, managers,

agents, servants, representatives, affiliates, successors and assigns (the "**Franchisor Releasees**") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions or causes of action whatsoever, whether known or unknown, which they, by themselves, on behalf of, or in conjunction with any other person, persons, partnership or corporation, has, had or claims to have against the Franchisor Releasees arising out of or related to the transfer contemplated in this Agreement, the offer, sale or execution of the Franchise Agreement, the Franchise Agreement or operation of the Franchised Business, and any other franchise-related statute, law or regulation that is applicable to the parties' relationship (the "**Claims**").

Transferor and Transferor Guarantor intend this release as it pertains to the Claims by them or to anyone claiming through or under them, to cover, encompass, relinquish and extinguish all Claims including, without limitation, all Claims under all franchise laws, unfair and deceptive practices and similar laws against the Franchisor Releasees. Transferor and Transferor Guarantor intend this release to be as broad as is permitted by law. Transferor and Transferor Guarantor acknowledge that they are familiar with the provisions of California Civil Code Section 1542 or the provisions of any similar law of the states in which Franchisor, Franchised Business, Transferor and Transferor Guarantor are located, respectively, and intend this release to cover, encompass, release and extinguish inter alia, all claims and matters which might otherwise be reserved by California Civil Code Section 1542 (and any equivalent applicable state law where the Franchised Business is located or any party resides), which provides as follows:

> **"A General Release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."**

Transferor and Transferor Guarantor, being aware of this code section, hereby expressly waive all of their rights thereunder as well as under any other statutes or common law principles of similar effect of any applicable jurisdiction.

8. Release by Transferee and Transferee Guarantor. Transferee and Transferee Guarantor, for themselves and all persons and entities claiming by, through, or under them, hereby release, acquit and forever the Franchisor Releasees from all Claims.

Transferee and Transferee Guarantor intend this release as it pertains to the Claims by them or to anyone claiming through or under them, to cover, encompass, relinquish and extinguish all Claims including, without limitation, all Claims under all franchise laws, unfair and deceptive practices and similar laws against the Franchisor Releasees. Transferee and Transferee Guarantor intend this release to be as broad as is permitted by law. Transferee and Transferee Guarantor acknowledge that they are familiar with the provisions of California Civil Code Section 1542 or the provisions of any similar law of the states in which Franchisor, Franchised Business, Transferee and Transferee Guarantor are located, respectively, and intend this release to cover, encompass, release and extinguish inter alia, all claims and matters which might otherwise be reserved by California Civil Code Section 1542 (and any equivalent applicable state law where the Franchised Business is located or any party resides), which provides as follows:

> **"A General Release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."**

Transferee and Transferee Guarantor, being aware of this code section, hereby expressly waive all of their rights thereunder as well as under any other statutes or common law principles of similar effect of any applicable jurisdiction.

9. Confidentiality; Non-Disparagement.

a. The parties shall not reveal or disclose (or permit others to reveal or disclose) the existence of this Agreement, or the terms hereof, to any other person, firm, corporation, company, or entity now or at any time in the future unless the Franchisor consents to such disclosure in writing; provided, however, that such parties may disclose the terms of this Agreement to their auditors, accountants, tax advisors and/or legal counsel only to the extent required for professional advice from those sources, and such parties may also disclose the terms of this Agreement pursuant to a valid subpoena or if otherwise required by law.

b. The parties agree that they will refrain from making any untrue or derogatory statements concerning one another and their present and former officers, employees, shareholders, directors, members, managers, agents, attorneys, servants, franchisees, representatives, successors and assigns.

10. Severability. In case any covenant, condition, term or provision contained in this Agreement shall be held to be invalid, illegal, or unenforceable in any respect, in whole or in part, by judgment, order or decree of any court or other judicial tribunal of competent jurisdiction, the validity of the remaining covenants, conditions, terms and provisions contained in this Agreement, and the validity of the remaining part of any term or provision held to be partially invalid, illegal or unenforceable, shall in no way be affected, prejudiced, or disturbed thereby.

11. Integration; Waiver or Modification. The Franchise Agreement and this Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter of this Agreement and supersede any and all previous agreements between the parties, whether written or oral, with respect to such subject matter. No waiver or modification of this Agreement or of any covenant, condition or limitation contained in this Agreement shall be valid unless in writing and duly executed by the party to be charged therewith.

12. Applicable Law, Binding Effect and Venue. The parties agree and acknowledge that the governing law, dispute resolution and venue provisions of the Franchise Agreement shall also govern this Agreement.

13. Attorneys' Fees. If Transferor, Transferor Guarantor, Transferee or Transferee Guarantor are in breach or default of any obligation under this Agreement or any related agreement between any of such parties and Franchisor, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), such breaching or defaulting party shall pay all reasonable attorneys' fees, court costs and litigation expenses that Franchisor incurs. If Transferor, Transferor Guarantor, Transferee or Transferee Guarantor institute any legal action to interpret or enforce the terms of this Agreement against Franchisor, and such party's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

14. Further Assurances. Each of the parties hereto agree that they shall sign such additional and supplemental documents as may be necessary to implement the transactions contemplated pursuant to this Agreement when requested to do so by any party to this Agreement.

15. Multiple Copies or Counterparts of Agreement. The original and one or more copies of this Agreement may be executed by one or more of the parties hereto. In such event, all of such executed copies shall have the same force and effect as the executed original and all of such counterparts taken together shall have the effect of a fully executed original.

I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

FRANCHISOR

UG FRANCHISE OPERATIONS, LLC

By: _____
Name: Adam Sedlack
Title: CEO

TRANSFEROR

_____

TRANSFEROR GUARANTOR

_____

TRANSFEREE

_____

TRANSFEREE GUARANTOR

_____

EXHIBIT J
TO THE
UFC GYM FRANCHISE DISCLOSURE DOCUMENT

TERMS OF SALE FOR EQUIPMENT PACKAGE

PURCHASE ORDER

UG Franchise Operations, LLC

[Street Address]
[City, ST ZIP Code]
[Phone] [Fax]
[e-mail]

P.O. NO. [100]
DATE March 31, 2015
CUSTOMER ID [ABC12345]

VENDOR
[Name]
[Company Name]
[Street Address]
[City, ST ZIP Code]
[Phone]

SHIP TO
[Name]
[Company Name]
[Street Address]
[City, ST ZIP Code]
[Phone]

SHIPPING METHOD	SHIPPING TERMS	DELIVERY DATE
	FOB Shipping Point	

QTY	ITEM #	DESCRIPTION	JOB	UNIT PRICE	LINE TOTAL

SUBTOTAL	
SALES TAX	
TOTAL	

1. Please send two copies of your invoice.
2. Enter this order in accordance with the prices, terms, delivery method, and specifications listed above.
3. Please notify us immediately if you are unable to ship as specified.

Authorized by *Date*

1. Applicability.

(a) These terms and conditions of sale (these "**Terms**") are the only terms which govern the sale of the goods ("**Goods**") and performance of services ("**Services**") by UG Franchise Operations, LLC ("**Seller**") to the buyer named on the reverse side of these Terms ("**Buyer**"). Buyer will have separate terms and conditions of sale and warranties direction with the manufacturer of the Goods. Notwithstanding anything herein to the contrary, if a written contract signed by both parties is in existence covering the sale of the Goods covered hereby, the terms and conditions of said contract shall prevail to the extent they are inconsistent with these Terms.

(b) The accompanying purchse order (the "**Sales Confirmation**") and these Terms (collectively, this "**Agreement**") comprise the entire agreement between the parties, and supersede all prior or contemporaneous understandings, agreements, negotiations, representations and warranties, and communications, both written and oral. These Terms prevail over any of Buyer's general terms and conditions of purchase regardless whether or when Buyer has submitted its purchase order or such terms. Fulfillment of Buyer's order does not constitute acceptance of any of Buyer's terms and conditions and does not serve to modify or amend these Terms.

(c) Notwithstanding anything to the contrary contained in this Agreement, Seller may, from time to time change the Services without the consent of Buyer provided that such changes do not materially affect the nature or scope of the Services, or the fees or any performance dates set forth in the Sales Confirmation.

2. Delivery of Goods and Performance of Services.

(a) The Goods will be delivered within a reasonable time after the receipt of Buyer's purchase order, subject to availability of finished Goods. Seller shall not be liable for any delays, loss or damage in transit.

(b) If shipping and handling charges are quoted or invoiced, they will include charges in addition to actual freight costs. Delivery of Products to the carrier at UGFO's shipping point shall constitute delivery to you and you shall bear all risk of loss or damage in transit. UGFO reserves the right, in its sole discretion, to determine the exact method of shipment for any particular shipment. Delay in delivery of any installment shall not relieve you of your obligations to accept remaining deliveries.

(c) Seller may, in its sole discretion, without liability or penalty, make partial shipments of Goods to Buyer. Each shipment will constitute a separate sale, and Buyer shall pay for the units shipped whether such shipment is in whole or partial fulfillment of Buyer's purchase order.

(d) If for any reason Buyer fails to accept delivery of any of the Goods on the date fixed or if Seller is unable to deliver the Goods at the Delivery Point on such date because Buyer has not provided appropriate instructions, documents, licenses or authorizations: (i) risk of loss to the Goods shall pass to Buyer; (ii) the Goods shall be deemed to have been delivered; and (iii) Seller, at its option, may store the Goods until Buyer picks them up, whereupon Buyer shall be liable for all related costs and expenses (including, without limitation, storage and insurance).

(e) Seller shall use reasonable efforts to meet any performance dates to render the Services specified in the Sales Confirmation, and any such dates shall be estimates only.

(f) With respect to the Services, Buyer shall (i) cooperate with Seller in all matters relating to the Services and provide such access to Buyer's premises, and such office accommodation and other facilities as may reasonably be requested by Seller, for the purposes of performing the Services; (ii) respond promptly to any Seller request to provide direction, information, approvals, authorizations or decisions that are reasonably necessary for Seller to perform Services in accordance with the requirements of this Agreement; (iii) provide such customer materials or information as Seller may request to carry out the Services in a timely manner and ensure that such customer materials or information are complete and accurate in all material respects; and (iv) obtain and maintain all necessary licenses and consents and comply with all applicable laws in relation to the Services before the date on which the Services are to start.

3. Non-delivery.

(a) The quantity of any installment of Goods as recorded by Seller on dispatch from Seller's place of business is conclusive evidence of the quantity received by Buyer on delivery unless Buyer can provide conclusive evidence proving the contrary.

(b) Seller shall not be liable for any non-delivery of Goods (even if caused by Seller's negligence) unless Buyer gives written notice to Seller of the non-delivery within 3 days of the date when the Goods would in the ordinary course of events have been received.

(c) Any liability of Seller for non-delivery of the Goods shall be limited to replacing the Goods within a reasonable time or adjusting the invoice respecting such Goods to reflect the actual quantity delivered.

(d) Buyer acknowledges and agrees that the remedies set forth in **Section 3** are Buyer's exclusive remedies for the delivery of Nonconforming Goods. Except as provided under Section 3(c), all sales of Goods to Buyer are made on a one-way basis and Buyer has no right to return Goods purchased under this Agreement to Seller.

4. Quantity. If Seller delivers to Buyer a quantity of Goods of up to 2% more or less than the quantity set forth in the Sales Confirmation, Buyer shall not be entitled to object to or reject the Goods or any portion of them by reason of the surplus or shortfall and shall pay for such Goods the price set forth in the Sales Confirmation adjusted pro rata.

5. Shipping Terms. All sales will be delivered UG Franchise Operations, LLC ("UGFO") shipping point unless otherwise noted.

6. Title and Risk of Loss. Delivery of Products to the carrier at UGFO's shipping point shall constitute delivery and title passing to you and you shall bear all risk of loss or damage in transit. As collateral security for the payment of the purchase price of the Goods, Buyer hereby grants to Seller a lien on and security interest in and to all of the right, title and interest of Buyer in, to and under the Goods, wherever located, and whether now existing or hereafter arising or acquired from time to time, and in all accessions thereto and replacements or modifications thereof, as well as all proceeds (including insurance proceeds) of the foregoing. The security interest granted under this provision constitutes a purchase money security interest under the California Uniform Commercial Code.

7. Buyer's Acts or Omissions. If Seller's performance of its obligations under this Agreement is prevented or delayed by any act or omission of Buyer or its agents, subcontractors, consultants or employees, Seller shall not be deemed in breach of its obligations under this Agreement or otherwise liable for any costs, charges or losses sustained or incurred by Buyer, in each case, to the extent arising directly or indirectly from such prevention or delay.

8. Inspection and Rejection of Nonconforming Goods.

(a) Buyer shall inspect the Goods 7 days of receipt ("**Inspection Period**"). Buyer will be deemed to have accepted the Goods unless it notifies Seller in writing of any Nonconforming Goods during the Inspection Period and furnishes such written evidence or other documentation as required by Seller. "**Nonconforming Goods**" means only the following: (i) product shipped is different than identified in Buyer's purchase order; or (ii) product's label or packaging incorrectly identifies its contents.

(b) If Buyer timely notifies Seller of any Nonconforming Goods, Seller shall, in its sole discretion, (i) replace such Nonconforming Goods with conforming Goods, or (ii) credit or refund the Price for such Nonconforming Goods, together with any reasonable shipping and handling expenses incurred by Buyer in connection therewith. Buyer shall ship, at its expense and risk of loss, the Nonconforming Goods to Seller's facility located at [LOCATION]. If Seller exercises its option to replace Nonconforming Goods, Seller shall, after receiving Buyer's shipment of Nonconforming Goods, ship to Buyer, at Buyer's expense and risk of loss, the replaced Goods to the Delivery Point.

(c) Buyer acknowledges and agrees that the remedies set forth in **Section 8(b)** are Buyer's exclusive remedies for the delivery of Nonconforming Goods. Except as provided under Section 8(b), all sales of Goods to Buyer are made on a one-way basis and Buyer has no right to return Goods purchased under this Agreement to Seller.

9. Price.

(a) Buyer shall purchase the Goods and Services from Seller at the price[s] (the "**Price[s]**") set forth in Seller's published price list in force as of date of Buyer's purchase order. If the Price[s] should be increased by Seller before delivery of the Goods to a carrier for shipment to Buyer, then these Terms shall be construed as if the increased price[s] were originally inserted herein, and Buyer shall be billed by Seller on the basis of such increased price[s].

(b) Buyer agrees to reimburse Seller for all reasonable travel and out-of-pocket expenses incurred by Seller in connection with the performance of the Services.

(c) All Prices are exclusive of all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any Governmental Authority on any amounts payable by Buyer. Buyer shall be responsible for all such charges, costs and taxes; provided, that, Buyer shall not be responsible for any taxes imposed on, or with respect to, Seller's income, revenues, gross receipts, personnel or real or personal property or other assets.

10. Payment Terms.

(a) Buyer shall pay all invoiced amounts due to Seller on receipt of Seller's invoice. Buyer shall make all payments hereunder by wire transfer or check and payable in US dollars.

(b) Buyer shall pay interest on all late payments at the lesser of the rate of 1.5% per month or the highest rate permissible under applicable law, calculated daily and compounded monthly. Buyer shall reimburse Seller for all costs incurred in collecting any late payments, including, without limitation, attorneys' fees. In addition to all other remedies available under these Terms or at law (which Seller does not waive by the exercise of any rights hereunder), Seller shall be entitled to suspend the delivery of any Goods or performance of any Services if Buyer fails to pay any amounts when due hereunder and such failure continues for 10 days following written notice thereof.

(c) Buyer shall not withhold payment of any amounts due and payable by reason of any set-off of any claim or dispute with Seller, whether relating to Seller's breach, bankruptcy or otherwise.

11. Warranty.

(a) Seller warrants to Buyer that it shall perform the Services using personnel of required skill, experience and qualifications and in a professional and workmanlike manner in accordance with generally recognized industry standards for similar services and shall devote adequate resources to meet its obligations under this Agreement.

(b) All of the Goods herein are products manufactured by a third party ("**Third Party Product**"). Third Party Products are not covered by the warranty in **Section 11(a)**. For the avoidance of doubt, **SELLER MAKES NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO ANY THIRD PARTY PRODUCT, INCLUDING ANY (a) WARRANTY OF MERCHANTABILITY; (b) WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; (c) WARRANTY OF TITLE; OR (d) WARRANTY AGAINST INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS OF A THIRD PARTY; WHETHER EXPRESS OR IMPLIED BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE OR OTHERWISE. ALL WARRANTY CLAIMS MUST BE MADE DIRECTLY TO THE MANUFACTURER OF THE THIRD PARTY PRODUCT.**

(c) The Seller shall not be liable for a breach of the warranties set forth in **Section 11(a)** unless: (i) Buyer gives written notice of the defective Services, as the case may be, reasonably described, to Seller within 30 days of the time when Buyer discovers or ought to have discovered the defect; (ii) if applicable, Seller is given a reasonable opportunity after receiving the notice of breach of the warranty set forth in Section 11(a) to examine such defect and Buyer (if requested to do so by Seller) returns such Goods to Seller's place of business at Seller's cost for the examination to take place there; and (iii) Seller reasonably verifies Buyer's claim that the Services are defective.

(d) The Seller shall not be liable for a breach of the warranty set forth in **Section 11(a)** if: (i) Buyer makes any further use of such Goods after giving such notice; (ii) the defect arises because Buyer failed to follow Seller's oral or written instructions as to the storage, installation, commissioning, use or maintenance of the Goods; or (iii) Buyer alters or repairs such Goods without the prior written consent of Seller.

(e) Subject to **Section 11(d)** above, with respect to any Services subject to a claim under the warranty set forth in **Section 11(a)**, Seller shall repair or re-perform the applicable Services.

(f) **THE REMEDIES SET FORTH IN SECTION 11(e) SHALL BE THE BUYER'S SOLE AND EXCLUSIVE REMEDY AND SELLER'S ENTIRE LIABILITY FOR ANY BREACH OF THE LIMITED WARRANTIES SET FORTH IN SECTION 11(a).**

12. Limitation of Liability.

(a) **IN NO EVENT SHALL SELLER BE LIABLE FOR ANY CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, OR PUNITIVE DAMAGES, LOST PROFITS OR REVENUES OR DIMINUTION IN VALUE, ARISING OUT OF OR RELATING TO ANY BREACH OF THESE TERMS, WHETHER OR NOT THE POSSIBILITY OF SUCH DAMAGES HAS BEEN DISCLOSED IN ADVANCE BY BUYER OR COULD HAVE BEEN REASONABLY FORESEEN BY BUYER, REGARDLESS OF THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT OR OTHERWISE) UPON WHICH THE CLAIM IS BASED, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE.**

(b) **IN NO EVENT SHALL SELLER'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, EXCEED THE AMOUNTS PAID TO SELLER FOR THE GOODS AND SERVICES SOLD HEREUNDER.**

(c) The limitation of liability set forth in **Section 12(b)** shall not apply to (i) liability resulting from Seller's gross negligence or willful misconduct and (ii) death or bodily injury resulting from Seller's acts or omissions.

13. Compliance with Law. Buyer shall comply with all applicable laws, regulations and ordinances. Buyer shall maintain in effect all the licenses, permissions, authorizations, consents and permits that it needs to carry out its obligations under this Agreement. Buyer shall comply with all export and import laws of all countries involved in the sale of the Goods under this Agreement or any resale of the Goods by Buyer. Buyer assumes all responsibility for shipments of Goods requiring any government import clearance. Seller may terminate this Agreement if any governmental authority imposes antidumping or countervailing duties or any other penalties on Goods.

14. Termination. In addition to any remedies that may be provided under these Terms, Seller may terminate this Agreement with immediate effect upon written notice to Buyer, if Buyer: (a) fails to pay any amount when due under this Agreement [and such failure continues for 7 days after Buyer's receipt of written notice of nonpayment]; (b) has not otherwise performed or complied with any of these Terms, in whole or in part; or (c) becomes insolvent, files a petition for bankruptcy or commences or has commenced against it proceedings relating to bankruptcy, receivership, reorganization or assignment for the benefit of creditors.

15. Waiver. No waiver by Seller of any of the provisions of this Agreement is effective unless explicitly set forth in writing and signed by Seller. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement operates, or may be construed, as a waiver thereof. No single or partial exercise of any right, remedy, power or privilege hereunder precludes any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

16. Confidential Information. All non-public, confidential or proprietary information of Seller, including but not limited to, specifications, samples, patterns, designs, plans, drawings, documents, data, business operations, customer lists, pricing, discounts or rebates, disclosed by Seller to Buyer, whether disclosed orally or disclosed or accessed in written, electronic or other form or media, and whether or not marked, designated or otherwise identified as "confidential" in connection with this Agreement is confidential, solely for the use of performing this Agreement and may not be disclosed or copied unless authorized in advance by Seller in writing. Upon Seller's request, Buyer shall promptly return all documents and other materials received from Seller. Seller shall be entitled to injunctive relief for any violation of this Section. This Section does not apply to information that is: (a) in the public domain; (b) known to Buyer at the time of disclosure; or (c) rightfully obtained by Buyer on a non-confidential basis from a third party.

17. Force Majeure. The Seller shall not be liable or responsible to Buyer, nor be deemed to have defaulted or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement when and to the extent such failure or delay is caused by or results from acts or circumstances beyond the reasonable control of Seller including, without limitation, acts of God, flood, fire, earthquake, explosion, governmental actions, war, invasion or hostilities (whether war is declared or not), terrorist threats or acts, riot, or other civil unrest, national emergency, revolution, insurrection, epidemic, lockouts, strikes or other labor disputes (whether or not relating to either party's workforce), or restraints or delays affecting carriers or inability or delay in obtaining supplies of adequate or suitable materials, materials or telecommunication breakdown or power outage[, provided that, if the event in question continues for a continuous period in excess of 30 days, Buyer shall be entitled to give notice in writing to Seller to terminate this Agreement].

18. Assignment. Buyer shall not assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of Seller. Any purported assignment or delegation in violation of this Section is null and void. No assignment or delegation relieves Buyer of any of its obligations under this Agreement.

19. Relationship of the Parties. The relationship between the parties is that of independent contractors. Nothing contained in this Agreement shall be construed as creating any agency, partnership, joint venture or other form of joint enterprise, employment or fiduciary relationship between the parties, and neither party shall have authority to contract for or bind the other party in any manner whatsoever.

20. No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of these Terms.

21. Governing Law. All matters arising out of or relating to this Agreement are governed by and construed in accordance with the internal laws of the State of California without giving effect to any choice or conflict of law provision or rule (whether of the State of California or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than those of the State of California.

22. Submission to Jurisdiction. Any legal suit, action or proceeding arising out of or relating to this Agreement shall be instituted in the federal courts of the United States of America or the courts of the State of California in each case located in the County of Orange, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding.

23. Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder (each, a "**Notice**") shall be in writing and addressed to the parties at the addresses set forth on the face of the Sales Confirmation or to such other address that may be designated by the receiving party in writing. All Notices shall be delivered by personal delivery, nationally recognized overnight courier (with all fees pre-paid), facsimile (with confirmation of transmission) or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a Notice is effective only (a) upon receipt of the receiving party, and (b) if the party giving the Notice has complied with the requirements of this Section.

24. Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

25. Survival. Provisions of these Terms which by their nature should apply beyond their terms will remain in force after any termination or expiration of this Order including, but not limited to, the following provisions: Compliance with Laws, Confidential Information, Governing Law, Submission to Jurisdiction/Arbitration and Survival.

26. Amendment and Modification. These Terms may only be amended or modified in a writing stating specifically that it amends these Terms and is signed by an authorized representative of each party.

EXHIBIT K
TO THE
UFC GYM FRANCHISE DISCLOSURE
DOCUMENT

STATE SPECIFIC ADDENDA

CALIFORNIA ADDENDUM

TO THE FRANCHISE DISCLOSURE DOCUMENT

In recognition of the requirements of the California Franchise Investment Law, Cal. Corporations Code Sections 31000 et seq. the Franchise Disclosure Document for UG Franchise Operations, LLC for use in the State of California shall be amended as follows:

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

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

3. SECTION 31125 OF THE CALIFORNIA CORPORATION CODE REQUIRES THE FRANCHISOR TO GIVE THE FRANCHISEE A DISCLOSURE DOCUMENT, IN A FORM AND CONTAINING SUCH INFORMATION AS THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, PRIOR TO A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

4. Item 3 of the FDD is supplemented to include the following:

   Except as disclosed above, neither UG Franchise Operations, LLC, nor any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

5. Item 17 of the FDD is supplemented to include the following:

   California Law Regarding Termination and Nonrenewal. California Business and Professions Code ("**Cal. Bus. & Prof. Code**") Sections 20000 through 20043 provide rights to the franchisee concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, then the law will control.

   Termination Upon Bankruptcy. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)

Covenant Not to Compete. The Franchise Agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Liquidated Damages. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

Arbitration. The Franchise Agreement requires binding arbitration. The arbitration will occur in Orange County, California. The prevailing party is entitled to recover reasonable pre-institution and post-institution attorneys' fees, court costs and all expenses even if not taxable as court costs. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Cal. Bus. & Prof. Code Section 20040.5, Code of Civil Procedure Section1281, and the Federal Arbitration Act) to any provision of the Franchise Agreement restricting venue to a forum outside the State of California.

Material Modification. Section 31125 of the California Corporations Code requires us to give you a Disclosure Document, approved by the Department of Corporations, prior to a solicitation of a proposed material modification of an existing franchise.

Releases. The Franchise Agreement requires you to sign a general release of claims upon relocation of your UFC GYM franchised business, renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

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

CALIFORNIA ADDENDUM

TO UG FRANCHISE OPERATIONS, LLC FRANCHISE AGREEMENT AND DEVELOPMENT RIGHTS RIDER

This Addendum pertains to franchises sold in the State of California and is for the purpose of complying with California statutes and regulations. Notwithstanding anything that may be contained in the body of the agreements to the contrary, the agreements are amended as follows:

6. Section 13.1 of the Franchise Agreement contains a covenant not to compete which extends beyond the term of the franchise license granted. This provision may not be enforceable under California law.

7. Section 10.2 of the Franchise Agreement requires the execution of a general release if the franchise rights are transferred. This provision may not be enforceable under California law.

8. Section 16.8 of the Franchise Agreement requires the parties to waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of the Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of the Agreement. This provision may not be enforceable under California law.

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

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

UG FRANCHISE OPERATIONS, LLC

By: _____

FRANCHISEE

_____

UGFO, LLC
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT CONTAINING ADDITIONAL INFORMATION REQUIRED BY THE STATE OF ILLINOIS

THE UG FRANCHISE OPERATIONS, LLC FRANCHISE DISCLOSURE DOCUMENT ("FDD") CONTAINS INFORMATION REQUIRED BY BOTH THE FEDERAL TRADE COMMISSION AND THE STATE OF ILLINOIS. THIS ADDENDUM TO THE FDD CONTAINS INFORMATION REQUIRED EXCLUSIVELY BY THE STATE OF ILLINOIS AND IS BEING PROVIDED TO YOU AT THE SAME TIME AS THE FDD.

*** * ***

THE INFORMATION CONTAINED HEREIN MUST BE REVIEWED IN CONJUNCTION WITH THE FDD

ADDENDUM TO THE UG FRANCHISE OPERATIONS, LLC. FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF ILLINOIS

The conditions under which the Franchise Agreement can be terminated, and your rights upon nonrenewal, may be affected by Illinois law (815 ILCS 705/19 and 705/20).

For choice of law purposes, and for the interpretation and construction of the Franchise Agreement and Development Rights Rider, Illinois law governs.

Although the Franchise Agreement requires litigation to be instituted in a court in California, all litigation must be instituted in a court of competent jurisdiction located in the State of Illinois, subject to the mediation provisions of the Franchise Agreement. These agreements are hereby amended as follows: (i) Section 16.6 of the Franchise Agreement is amended to provide that the parties agree that, to the extent any legal action or proceeding arising out of or relating to the Franchise Agreement is initiated and not subject to mediation pursuant to Section 16.4 thereof, all such actions or proceedings shall be brought in Illinois courts.

Nothing in the Franchise Agreement or Development Rights Rider shall limit or prevent the enforcement of any cause of action otherwise enforceable in Illinois or arising under the Illinois Franchise Disclosure Act of 1987, as amended.

Any condition, stipulation or provision of the Franchise Agreement or Development Rights Rider purporting to bind Franchisee to a waiver of compliance with the Illinois Franchise Disclosure Act of 1987, as amended, is void.

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

AMENDMENT TO THE UG FRANCHISE OPERATIONS, LLC.

FRANCHISE AGREEMENT AND DEVELOPMENT RIGHTS RIDER REQUIRED BY THE STATE OF ILLINOIS

Notwithstanding Articles 11 and 12 of the Franchise Agreement, the conditions under which these agreements can be terminated, and the parties' rights upon non-renewal, may be affected by Illinois law, (815 ILCS 705/19 and 705/20).

Section 18.6 of the Franchise Agreement is hereby modified by adding the following text as the last sentence:

> The parties expressly confirm that there are no other oral or written agreements, "side-deals", arrangements or understandings between them except as set forth herein and in Franchisor's applicable Franchise Disclosure Document.

Notwithstanding anything to the contrary in Section 16.6 of the Franchise Agreement, Illinois law shall govern this Agreement and the parties agree that, to the extent any legal action or proceeding arising out of or relating to these agreements is initiated and not subject to mediation under thereunder, all such actions or proceedings shall be brought in Illinois courts.

Nothing in the Franchise Agreement shall limit or prevent the enforcement of any cause of action otherwise enforceable in Illinois or arising under the Illinois Franchise Disclosure Act of 1987, as amended.

Any condition, stipulation or provision of the Franchise Agreement purporting to bind Franchisee to a waiver of compliance with Illinois law or the Illinois Franchise Disclosure Act of 1987, as amended, is void.

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

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

UG FRANCHISE OPERATIONS, LLC

By: _____

FRANCHISEE

By: _____

UG FRANCHISE OPERATIONS, LLC
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT CONTAINING ADDITIONAL INFORMATION REQUIRED BY THE STATE OF MARYLAND

UG FRANCHISE OPERATIONS, LLC FRANCHISE DISCLOSURE DOCUMENT ("FDD") CONTAINS INFORMATION REQUIRED BY BOTH THE FEDERAL TRADE COMMISSION AND THE STATE OF MARYLAND. THIS ADDENDUM TO THE FDD CONTAINS INFORMATION REQUIRED EXCLUSIVELY BY THE STATE OF MARYLAND AND IS BEING PROVIDED TO YOU AT THE SAME TIME AS THE FDD.

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ADDENDUM TO UG FRANCHISE OPERATIONS, LLC
FRANCHISE DISCLOSURE DOCUMENT AND STATEMENT OF PROSPECTIVE FRANCHISEE
REQUIRED BY THE STATE OF MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Franchise Disclosure Document for UG Franchise Operations, LLC and Statement of Prospective Franchisee for use in the State of Maryland shall be amended as follows:

1. Item 5 shall be supplemented with the following:

All initial fees, including payments to us and/or our affiliates for inventory, equipment, and training made before your UFC GYM franchised business opens will be deposited into an escrow account pursuant to an order of the Maryland Securities Commissioner.

2. Item 17 shall be supplemented by the following:

Pursuant to COMAR 02.02.08 16L, the general release required as a condition of renewal, sale, and/or assignment shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 shall be supplemented by the following:

Any limitation of claims contained in the Franchise Agreement shall not act to reduce the three (3) year statute of limitations afforded for bringing a claim under the Maryland Franchise and Disclosure Law.

4. Item 17(h) in each of the charts contained in Item 17 of the Disclosure Document shall be supplement by the following:

The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et. seq.).

5. The Statement of Prospective Franchisee shall be supplemented by the following:

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

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

_____

AMENDMENT TO THE UG FRANCHISE OPERATIONS, LLC FRANCHISE AGREEMENT AND DEVELOPMENT RIGHTS RIDER

REQUIRED BY THE STATE OF MARYLAND

This Amendment shall pertain to franchises sold in the State of Maryland and shall be for the purpose of complying with Maryland statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement or Development Rights Rider to the contrary, the agreements shall be amended as follows:

1. **Initial Fee**. The following language is added to the end of Section 3.1(a) of the Franchise Agreement:

All initial fees, including the Initial Fee and payments to us and/or our affiliates for inventory, equipment, and training made before your UFC GYM franchised business opens will be deposited into an escrow account pursuant to an order of the Maryland Securities Commissioner.

2. **Releases.** Any and all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registrations and Disclosure Law.

The following language is added to the end of Sections 10.2 and 10.3 of the Franchise Agreement

Pursuant COMAR 02.02.08 16L, any such general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

3. **Consent to Jurisdiction**. The following language is added to the end of Section16.6 of the Franchise Agreement:

However, subject to your arbitration obligation, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment to the Franchise Agreement and Development Rights Rider on the date indicated below.

UG FRANCHISE OPERATIONS, LLC FRANCHISEE

_____ _____

UG FRANCHISE OPERATIONS, LLC ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT CONTAINING ADDITIONAL INFORMATION REQUIRED BY THE STATE OF MINNESOTA

THE UG FRANCHISE OPERATIONS, LLC FRANCHISE DISCLOSURE DOCUMENT ("FDD") CONTAINS INFORMATION REQUIRED BY BOTH THE FEDERAL TRADE COMMISSION AND THE STATE OF MINNESOTA. THIS ADDENDUM TO THE FDD CONTAINS INFORMATION REQUIRED EXCLUSIVELY BY THE STATE OF MINNESOTA AND IS BEING PROVIDED TO YOU AT THE SAME TIME AS THE FDD.

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ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE MINNESOTA FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary set forth m the franchise disclosure document and/or Franchise Agreement, as applicable, the following provisions shall supersede and apply to all franchises offered and sold in the State of Minnesota.

MINN STAT SECTION 80C 21 and MINNESOTA RULES 2860 4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for m MINN STAT CHAPTER 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with MINN STAT SECTION 80C 14 SUBD 3-5 which require (except m certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks Refer to MINN STAT SECTION 80C 12 SUED KG) The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit or demand regarding the use of the name.

MINNESOTA RULES 4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See MINNESOTA RULES 2860 4400(J) also, a court will determine if a bond is required.

The Limitations of Claims section must comply with MINN STAT SECTION 80C 17 SUBD 5.

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

AMENDMENT TO THE UG FRANCHISE OPERATIONS, LLC FRANCHISE AGREEMENT AND DEVELOPMENT RIGHTS RIDER

REQUIRED BY THE STATE OF MINNESOTA

The parties to the Franchise Agreement dated _____ hereby agree that the Franchise Agreement and Development Rights Rider will be amended as follows:

1. MINN STAT SECTION 80C 21 and MINNESOTA RULES 2860 4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee, to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in MINN STAT CHAPTER 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. With respect to franchises governed by Minnesota law, the franchisor will comply with MINN STAT SECTION 80C 14 SUBD 3-5 which require (except m certain specified cases)

3. that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and

4. that consent to the transfer of the franchise will not be unreasonably withheld.

5. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks Refer to MINN STAT SECTION BOC 12 SUBD 1(G). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

6. MINNESOTA RULES 2860 4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

7. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See MINNESOTA RULES 2860 4400(J) also, a court will determine if a bond is required.

8. The Limitations of Claims section must comply with MINN STAT SECTION 80C 17 SUEBD 5

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

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement as of the day and year set forth above

UG FRANCHISE OPERATIONS, LLC	FRANCHISEE
By: _____	_____
Name: _____	Name: _____
Title: _____	Title: _____

UG FRANCHISE OPERATIONS, LLC ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT CONTAINING ADDITIONAL INFORMATION REQUIRED BY THE STATE OF NEW YORK

THE UG FRANCHISE OPERATIONS, LLC FRANCHISE DISCLOSURE DOCUMENT ("FDD") CONTAINS INFORMATION REQUIRED BY BOTH THE FEDERAL TRADE COMMISSION AND THE STATE OF NEW YORK. THIS ADDENDUM TO THE FDD CONTAINS INFORMATION REQUIRED EXCLUSIVELY BY THE STATE OF NEW YORK AND IS BEING PROVIDED TO YOU AT THE SAME TIME AS THE FDD.

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THE INFORMATION CONTAINED HEREIN MUST BE REVIEWED IN CONJUNCTION WITH THE FDD

STATEMENT REQUIRED BY THE STATE OF NEW YORK

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTMENT PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

IF THE FRANCHISE AGREEMENT IS TERMINATED AS A RESULT OF YOUR DEFAULT, YOU WILL BE LIABLE TO PAY US LIQUIDATED DAMAGES IN AN AMOUNT EQUAL TO (I) THE TOTAL OF ALL ROYALTY FEES PAID FOR THE 24 CALENDAR MONTHS OF OPERATION OF YOUR UFC GYM FRANCHISE IMMEDIATELY PRECEDING YOUR DEFAULT; OR (II) THE AVERAGE AMOUNT OF ALL ROYALTY FEES PAID FOR THE PERIOD OF TIME YOUR UFC GYM FRANCHISE HAS BEEN IN OPERATION PRECEDING YOUR DEFAULT, IF LESS THAN 36 CALENDAR MONTHS, PROJECTED ON A 36 CALENDAR MONTH BASIS.

ADDENDUM TO UG FRANCHISE OPERATIONS, LLC
FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF NEW YORK

In recognition of the requirements of the New York General Business Law, Article 33, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.2 the Franchise Disclosure Document for UG Franchise Operations, LLC for use in the State of New York shall be amended as follows:

- Item 3 shall be supplemented by the following:

Neither we, our predecessor, nor any person identified in Item 2 or an affiliate offering franchises under our principal trademark 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.

Neither we, our predecessor, nor any person identified in Item 2 or an affiliate offering franchises under our principal trademark has been convicted of a felony or pleaded *nolo contendere* to a felony charge or, within the ten-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.

Neither we, our predecessor, any person identified in Item 2 or an affiliate offering franchises under our principal trademark 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.

- Item 4 shall be supplemented by the following:

Except as provided below, during the 10-year period immediately before the application for registration, neither we nor our affiliate, any predecessor, current officers or general partner has: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after our officer or general partner held this position in the company or partnership.

- Item 17, the Summary Column opposite Provision W, shall be amended to also state the following:

The foregoing Choice of Law should not be considered a waiver of any right conferred upon the franchisor or the franchisee/developer/representative by the General Business Law of the State of New York, Article 33.

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

provision supersedes any other term of any document executed in connection with the franchise.

Franchisee's Initials
Date

Franchisor's Initials
Date

AMENDMENT TO THE UG FRANCHISE OPERATIONS, LLC FRANCHISE AGREEMENT AND DEVELOPMENT RIGHTS RIDER REQUIRED BY THE STATE OF NEW YORK

In recognition of the requirements of Article 33 of the General Business Law of the State of New York, the parties to the UG Franchise Operations, LLC Franchise Agreement agree as follows:

- Section 11.2 of the Franchise Agreement shall be supplemented by adding the following language at the end of the Section:

  provided, however, that all rights enjoyed by Franchisee and any causes of action arising in franchisee's 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 provision that the nonwaiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied;

- Section 16.6 of the Franchise Agreement, which is generally under the heading entitled "Governing Law," shall be supplemented by the addition of the following language at the end of the Section:

  However, the foregoing choice of law shall not be considered a waiver of any right conferred upon franchisee/developer/representative by the provisions of Article 33 of the General Business Law of the State of New York.

- Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the General Business Law of the State of New York, Sections 680-695, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

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

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment to the Franchise Agreement on the date indicated below.

UG FRANCHISE OPERATIONS, LLC

FRANCHISEE

UG FRANCISE OPERATIONS, LLC
ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
CONTAINING ADDITIONAL INFORMATION
REQUIRED BY THE STATE OF NORTH DAKOTA

THE UG FRANCHISE OPERATIONS, LLC FRANCHISE DISCLOSURE DOCUMENT ("FDD") CONTAINS INFORMATION REQUIRED BY BOTH THE FEDERAL TRADE COMMISSION AND THE STATE OF NORTH DAKOTA. THIS ADDENDUM TO THE FDD CONTAINS INFORMATION REQUIRED EXCLUSIVELY BY THE STATE OF NORTH DAKOTA AND IS BEING PROVIDED TO YOU AT THE SAME TIME AS THE FDD.

*** * ***

THE INFORMATION CONTAINED HEREIN MUST BE REVIEWED IN CONJUNCTION WITH THE FDD

ADDENDUM TO UG FRANCHISE OPERATIONS, LLC
FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF NORTH DAKOTA

Notwithstanding anything to the contrary in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of North Dakota.

- Waiver of trial by jury is prohibited by law in the State of North Dakota. Accordingly, Section 16.8 of the Franchise Agreement is deleted.
- Waiver of exemplary and punitive damages is prohibited by law in the State of North Dakota. Accordingly, Section 16.7 of the Franchise Agreement is deleted.
- North Dakota prohibits a provision that the franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the Franchise Agreement. Accordingly, Section 16.5 of the Franchise Agreement is amended as follows:

  In the event that either party incurs legal fees or costs or other expenses to enforce any obligation of the other party hereunder, or to defend against any claim, demand, action or proceeding by reason of the other party's failure to perform or observe any obligation imposed upon that party by this Agreement, then the prevailing party shall be entitled to recover from the other party the amount of all legal fees, costs and expenses, including reasonable attorney's fees, whether incurred prior to, or in preparation for or contemplation of the filing of any claim, demand, action or proceeding to enforce any obligation of the other party hereunder or thereafter or otherwise.

- The laws of the State of North Dakota supersede any provision of the Franchise Agreement and the other agreements or California law if those provisions are in conflict with North Dakota law.
- Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is deleted from any Franchise Agreement or Development Rights Rider and issued in the State of North Dakota.
- North Dakota has determined that requiring a franchisee to sign a general release upon renewal of the franchise agreement is unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, all references to the Franchisee signing a general release upon renewal of the Franchise Agreement in Item 17 of the Franchise Disclosure Document and Sections 10.2 and 10.3 of the Franchise Agreement are deleted.
- Item 17 of the Franchise Disclosure Documents and Section 13.1 of the Franchise Agreement prohibit you from owning or being involved with a company or other business within the Designated Territory or within 5 miles of any other UFC Gym then in existence, that offers services competitive with those offered, franchised or licensed by us for 12 months after termination nor expiration of the Franchise Agreement. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota. The Commissioner has held that covenants restricting competition are contrary to Section 9-089-06 of the North Dakota Century Code, and are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
- No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Dated: _____

UG FRANCHISE OPERATIONS, LLC	**FRANCHISEE**
By: _____	By: _____
Name: _____	Name: _____
_____	Title: _____
Title: _____	
_____	

THE UG FRANCHISE OPERATIONS, LLC FRANCHISE DISCLOSURE DOCUMENT ("FDD") CONTAINS INFORMATION REQUIRED BY BOTH THE FEDERAL TRADE COMMISSION AND THE STATE OF RHODE ISLAND. THIS ADDENDUM TO THE FDD CONTAINS INFORMATION REQUIRED EXCLUSIVELY BY THE STATE OF RHODE ISLAND AND IS BEING PROVIDED TO YOU AT THE SAME TIME AS THE FDD.

*** * ***

THE INFORMATION CONTAINED HEREIN MUST BE REVIEWED IN CONJUNCTION WITH THE FDD

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE RHODE ISLAND FRANCHISE DISCLOSURE ACT

Section 19-28 1-14 of the Rhode Island Franchise Investment Act, as amended by the laws of 1991 provides that "A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act"

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

AMENDMENT TO THE RHODE ISLAND FRANCHISE AGREEMENT

The parties to the Franchise Agreement dated_____hereby agree that the Franchise Agreement will be amended as follows:

1. Section 19-28 1-14 of the Rhode Island Franchise Investment Act, as amended by the laws of 1991, provides that "A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

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

Dated: _____

UG FRANCHISE OPERATIONS, LLC

By: _____
Name:_____
Title: _____

FRANCHISEE

By:_____
Name:_____
Title: _____

THE UG FRANCHISE OPERATIONS, LLC FRANCHISE DISCLOSURE DOCUMENT ("FDD") CONTAINS INFORMATION REQUIRED BY BOTH THE FEDERAL TRADE COMMISSION AND THE STATE OF VIRGINIA. THIS ADDENDUM TO THE FDD CONTAINS INFORMATION REQUIRED EXCLUSIVELY BY THE STATE OF VIRGINIA AND IS BEING PROVIDED TO YOU AT THE SAME TIME AS THE FDD.

*** * ***

THE INFORMATION CONTAINED HEREIN MUST BE REVIEWED IN CONJUNCTION WITH THE FDD

ADDENDUM TO UG FRANCHISE OPERATIONS, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF VIRGINIA

For franchises and franchisees subject to the Virginia Retail Franchising Act, the following information supersedes or supplements, as the case may be, the corresponding disclosure in the main body of the text of the UG Franchise Operations, LLC Franchise Disclosure Document.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonably cause. If any ground for default or termination stated in the franchise, area development or area representative agreement does not constitute "reasonable cause," as that term may be defined by the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

UG FRANCHISE OPERATIONS, LLC ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT CONTAINING ADDITIONAL INFORMATION REQUIRED BY THE STATE OF WASHINGTON

THE UG FRANCHISE OPERATIONS, LLC FRANCHISE DISCLOSURE DOCUMENT ("FDD") CONTAINS INFORMATION REQUIRED BY BOTH THE FEDERAL TRADE COMMISSION AND THE STATE OF WASHINGTON. THIS ADDENDUM TO THE FDD CONTAINS INFORMATION REQUIRED EXCLUSIVELY BY THE STATE OF WASHINGTON AND IS BEING PROVIDED TO YOU AT THE SAME TIME AS THE FDD.

*** * ***

THE INFORMATION CONTAINED HEREIN MUST BE REVIEWED IN CONJUNCTION WITH THE FDD

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws**. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights**. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

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

4. **General Release**. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial**. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

7. **Termination by Franchisee**. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions**. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing**. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages**. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement**. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification**. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees**. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

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

15. **Nonsolicitation Agreements**. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

17. **Prohibitions on Communicating with Regulators**. Any provision in the franchise agreement or related

agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers**. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

UG FRANCHISE OPERATIONS, LLC	**FRANCHISEE**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date Signed:_____	Date Signed:_____

ADDENDUM TO UG FRANCHISE OPERATIONS, LLC FRANCHISE AGREEMENT AND DEVELOPMENT RIGHTS RIDER REQUIRED FOR THE STATE OF WASHINGTON

This Amendment shall pertain to franchises sold in the State of Washington and shall be for the purpose of complying with Washington statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement or Development Rights Rider to the contrary, the agreements shall be amended as follows:

If any of the provisions in this Franchise Agreement or Development Rights Rider are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the Franchise Agreement with regard to any franchise sold in Washington.

Notwithstanding Section 16.7 of the Franchise Agreement in the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

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

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

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

_____ _____

Date Prospective Franchisee

_____

Telephone Number

Complete Below for a Partnership, Corporation or Limited Liability Company:

Name: _____

Title: _____

Name of Company: _____

Address: _____

_____

UG FRANCHISE OPERATIONS, LLC
WISCONSIN ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

For franchises and Franchisees subject to the Wisconsin Fair Dealership Law, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the UG Franchise Operations, LLC Wisconsin Franchise Disclosure Document.

Item 17.

For Wisconsin Franchisees, ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract between Franchisor and Franchisee inconsistent with the Law.

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

UG FRANCHISE OPERATIONS, LLC

WISCONSIN ADDENDUM TO THE FRANCHISE AGREEMENT

This Amendment shall pertain to franchises sold in the State of Wisconsin and shall be for the purpose of complying with the Wisconsin Fair Dealership Law. Notwithstanding anything which may be contained in the body of the Franchise Agreement to be contrary, the Agreement shall be amended as follows:

Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between Franchisor and Franchisee inconsistent with the Law.

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

UG FRANCHISE OPERATIONS, LLC	**FRANCHISEE**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date Signed:_____	Date Signed:_____

EXHIBIT L
TO THE
UFC GYM FRANCHISE DISCLOSURE DOCUMENT

SBA ADDENDUM

ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between _____ ("Franchisor"), located at _____, and _____ ("Franchisee"), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20__, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for a loan ("Loan") from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining the SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor may not record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees.

This Addendum automatically terminates on the earlier to occur of the following: (i) the Loan is paid in full; or (ii) SBA no longer has any interest in the Loan.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

FRANCHISOR:	**FRANCHISEE:**
By: _____	By: _____
Print Name: _____	Print Name: _____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

EXHIBIT M

MANAGEMENT SERVICES AGREEMENT

MANAGEMENT SERVICES AGREEMENT

THIS MANAGEMENT SERVICES AGREEMENT (the "**Agreement**") is entered into as of [_____], 2024 (the "**Effective Date**") by and between [_____], on the one hand ("**Owner**") and UG Management Company, LLC, on the other hand ("**Manager**"). Unless otherwise noted, capitalized terms in this Agreement have the meaning set forth in Section 12 hereof.

RECITALS

WHEREAS, Owner entered into a UFC Gym Franchise Agreement (as amended from time to time, the "**Franchise Agreement**") with Manager's affiliate, UG Franchise Operations, LLC ("**Franchisor**"), pursuant to which Franchisor has granted Owner the right to develop and operate a UFC Gym business at the location set forth in the Franchise Agreement (the "**Premises**").

WHEREAS, Owner desires to engage Manager to manage and operate the UFC Gym businesses located on the Premises (the "**Franchise**"), and Manager desires to accept the engagement, on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Owner and Manager agree as follows:

1 APPOINTMENT OF MANAGER

1.1 Appointment. Owner hereby appoints Manager as its exclusive independent contractor to manage, supervise, direct and control the operations of the Franchise throughout the Term. Manager accepts the appointment and agrees to manage the Franchise during the Term in accordance with the terms and conditions of this Agreement and the Franchise Agreement.

2.2 Operations. Manager will manage the Franchise in accordance with the provisions of this Agreement and all standards imposed by the Franchise Agreement, and having regard for customary practices of the fitness industry in the United States for facilities comparable to the Franchise. Owner hereby agrees that Manager will have the authority to carry out all functions described in this Agreement and all other actions necessary in connection with the management and operation of the Franchise (all of which shall be at the expense of Owner), including without limitation:

1.2.1 Recruit, employ, supervise, direct and discharge the employees working at the Franchise and maintain adequate staff to carry out its duties under this Agreement.

1.2.2 Establish prices, rates and charges for services provided by the Franchise.

1.2.3 Establish and revise, as necessary, administrative policies and procedures, including policies and procedures for the control of revenue and expenditures, for the purchasing of supplies and services, for the control of credit and for the scheduling of maintenance, and verify that the foregoing procedures are operating in a sound manner.

1.2.4 Make payments on all accounts payable and collect all accounts receivable, and otherwise manage each Operating Account with respect to the Franchise, and pay all amounts required to be paid with respect to the operation and management of the Franchise (including, without limitation, any amounts paid as a Deduction).

1.2.5 Procure on behalf of Owner all Inventories and replace supplies.

1.2.6 At Manager's sole option, Manager will either provide, or select and contract with third-parties to provide, back-office support services for the operations and accounting functions of the Franchise (including, without limitation, accounting, payroll processing and reporting, sales tax administration, vendor management, dues collection and human resources support) (collectively, "**Back-Office Support**").

1.2.7 Prepare (or have prepared by third-party service providers) and deliver Accounting Period Statements and Annual Operating Statements, repair and equipment estimates and such other information as is required by this Agreement.

1.2.8 Plan, execute and supervise repairs and maintenance.

1.2.9 Obtain the insurance required to be obtained by Manager pursuant to Section 6 of this Agreement.

1.2.10 Obtain and keep in full force and effect, either in its own name or in Owner's name, all licenses and permits required by applicable law, to the extent within the control of Manager (or, if not within the control of Manager, Manager agrees to use commercially reasonable efforts to obtain and keep same in full force and effect, at the expense of Owner).

1.2.11 Arrange for and supervise public relations and advertising and prepare marketing plans.

1.2.12 Manage and operate the Franchise at all times in compliance with the Franchise Agreement, the Manual and the System Standards.

1.2.13 Select, obtain and manage the Software and related computer services for member management and point of sale systems for the Franchise.

1.2.14 Prepare plans for capital expenditures relating to the Franchise.

1.2.15 Provide or engage third parties to prepare and provide at Owner's expense, reports and statements as needed for the preparation of annual tax filings relating to the Franchise; provided however, that all tax preparation and filing of tax documents with governmental authorities will be performed by Owner or by third-party tax consultants at Owner's expense.

1.3 Authority of Manager. Operation of the Franchise will be under the exclusive supervision and control of Manager, except as otherwise specifically provided in this Agreement.

1.4 Applicable Legal Requirements. Owner shall comply with and abide by all applicable Legal Requirements pertaining to the Franchise, including, without limitation, providing legally compliant membership agreements and securing any bond, surety or security required by Applicable Law with respect to the Franchise. The reasonable expenses of any contest or dispute with respect to a Legal Requirement shall be paid from Gross Revenues as Deductions. If such expenses will result in an Operating Loss for any Accounting Period(s), Additional Working Capital may be required under Section 4.6 below.

1.5 Employees. All personnel employed at the Franchise will at all times be the employees of Manager (or one of its affiliated entities) and not the employees of Owner. Manager will have full discretion with respect to all personnel employed at the Franchise, including, without limitation, decisions regarding hiring, promoting, transferring, compensating, supervising, terminating, directing and training all employees, and, generally, establishing and maintaining all policies relating to employment.

1.6 Owner's Right to Inspect. Owner and its representatives, employees, agents, and Affiliates shall have access to the Franchise during normal business hours for the purpose of inspection or exercising any of its rights under this Agreement.

1.7 Owner's Right to Engage Professionals. Notwithstanding anything to the contrary, Owner, in its sole discretion and at its sole cost, shall be authorized to engage third-party accounting firms and law firms to represent and provide services on its behalf.

1.8 Annual Meetings. At Owner's request, Owner and Manager shall meet on an annual basis at mutually convenient locations and times. Manager shall be represented at such meetings by Manager's Representative and such other personnel as Manager's Representative may deem appropriate. The purpose of the meetings shall be to discuss the performance of the Franchise and other related issues.

2 TERM

2.1 Term. Subject at all times to Section 7 herein, this Agreement begins on the Effective Date and terminates on the date the Franchise Agreement terminates or expires (the "**Term**"); provided, however that the expiration, termination or assignment (to any party that is not a party to this Agreement) of the Franchise Agreement will, in Manager's sole discretion, result in the immediate termination of this Agreement.

2.2 Franchise Agreement Extensions. If Owner renews the Franchise Agreement to continue the operations of the Franchise, then Owner must also engage Manager's services hereunder for the renewal term (subject to Manager's consent and agreement to provide continued management services in connection with such renewal term). To renew Manager's services, Manager may require, among other things, that Owner and Manager enter into a new management agreement using the standard form of "Management Agreement" that Manager is then offering to franchisees of Franchisor, or amend this Agreement to continue Manager's services with respect to the Franchise.

2.3 Termination by Manager. Manager shall have the right to terminate this Agreement at any time and for any reason upon written notice to Owner at least thirty (30) days before the effective date of the termination. The Franchise Agreement shall remain in full force and effect in the event of a termination

pursuant to this Section 2.3.

3 INCENTIVE FEES; MANAGEMENT FEE; BACK OFFICE FEES

3.1 Incentive Fees. On a quarterly basis, Manager will be paid fifteen percent (15%) of the Operating Profit of the Franchise ("**Incentive Fees**") beginning on the date that Operating Profits are equal to or greater than $250,000 and throughout the Term in accordance with the terms and conditions set forth below.

As a matter of clarity, the Incentive Fee for each quarterly period during the Term shall be based on the Operating Profit achieved by the Franchise in the applicable quarter. If, at the end of any Fiscal Year during the Term, the Annual Operating Statement shows a discrepancy in the amount of the Operating Profit used to calculate the amount of Incentive Fees paid to Manager during that Fiscal Year, then manager shall notify Owner in writing of such discrepancy within thirty (30) days of the completion of the Annual Operating Statement for that Fiscal Year. Within ten (10) days of Owner's receipt of such notice from Manager, either Owner shall pay manager the amount of any deficiency in the Incentive Fees that were paid to Manager as compared to the Incentive Fees that should have been paid to Manager according to the Operating Profit under the Annual Operating Statement, or Manager shall reimburse to Owner the amount of any overpayment in the Incentive Fees that were paid to Manager as compared to the Incentive Fees that should have been paid to Manager according to the Operating Profit under the Annual Operating Statement.

3.2 Management Fee. Owner shall pay Manager a management service fee of $10,000 per month, which amount shall be subject to annual increases in the discretion of Manager (the "**Management Fee**"), on the first of each month in advance. Any upward adjustments to the Management Fee shall be reasonably made by Manager depending on the scope of the management services provided. The management services shall commence on the Effective Date.

3.3 Back Office Support Fee Owner shall also pay Manager a service fee of $3,000 per month, which amount shall be subject to annual increases in the discretion of Manager (the "**Back Office Support Fee**"), on the first of each month, in advance. Any upward adjustments to the Back-Office Support Fee shall be reasonably made by Manager depending on the scope of the Back-Office Support provided.

4 ACCOUNTING, BOOKKEEPING AND BANK ACCOUNTS

4.1 Accounting, Distributions and Annual Reconciliation.

4.1.1 Within thirty (30) days after the close of each Accounting Period, Manager shall provide an interim accounting statement (the "**Accounting Period Statement**") to Owner showing Gross Revenues, Deductions, Operating Profit (or Operating Loss), capital expenditures, cash flow and applications and distributions thereof for the preceding Accounting Period.

4.1.2 Within one hundred-twenty (120) days after the close of each Fiscal Year, Manager shall deliver to Owner a statement (the "**Annual Operating Statement**") showing Gross Revenues, Deductions, Operating Profit (or Operating Loss), capital expenditures, cash flow and applications and distributions thereof for the preceding Fiscal Year, in reasonable detail. In the event of discrepancy between the Annual Operating Statement and any one or more of the Accounting Period Statements, the Annual Operating Statement shall be controlling over the Accounting Period Statements.

4.2 Books and Records. Books of control and account pertaining to operations at the Franchise shall be kept by Manager or its designee on the accrual basis in all material respects. Owner may at reasonable intervals during Manager's normal business hours examine such records. If Owner desires to audit, examine or review the Annual Operating Statement, Owner's Representative shall notify Manager in writing within sixty (60) days after receipt of such Annual Operating Statement of its intention to audit and begin such audit no sooner than ten (10) days after Manager's receipt of such notice. Owner's Representative shall use reasonable efforts to complete such audit within sixty (60) days after commencement thereof. If Owner does not make such an audit, then such Annual Operating Statement shall be deemed to be conclusively accepted by Owner as being correct, except in the event of manifest error or fraud, misrepresentation, misconduct or gross negligence by Manager or its agents, employees, representatives or contractors or other third parties. If any audit discloses that Manager has not received any amounts due to it, Owner shall pay Manager such amounts. The cost of the audit shall be paid by Owner. If the Franchise Agreement requires Owner to pay interest and/or the cost of an audit to the Franchisor on account of an understatement in reports provided by Manager, Manager shall pay such interest and costs in accordance with the Franchise Agreement.

4.3 Account, Expenditures.

4.3.1 Manager shall direct Manager's preferred member software vendor (which as of the Effective Date is ABC Fitness Solutions) to deposit all funds derived from operation of the Franchise in Owner's bank account managed by Manager in a bank designated by Manager (the "**Operating Account**"). Owner shall have access to all bank accounts used for the Franchise. Withdrawals by Manager from the Operating Account may be made only by the person acting as Manager's Representative or such other representatives of Manager whose signatures have been authorized by Owner's Representative. Reasonable petty cash funds shall be maintained at the Franchise.

4.3.2 Except as otherwise provided in this Agreement, all payments made by Manager hereunder shall be made from the Operating Account or, for amounts under $1,000 and only as necessary or expedient in Manager's sole discretion, from Manager's petty cash funds. Manager shall not be required to make any advance or payment with respect to the Franchise except out of such funds, and Manager shall not be obligated to incur any liability or obligation with respect to the Franchise.

4.3.3 Debts and liabilities incurred by Manager as a result of its operation and management of the Franchise pursuant to the terms hereof, whether asserted before or after Termination, will be paid by Owner to the extent funds are not available for that purpose from the Operating Account ("**Covered Liabilities**"); provided, however, that debts and/or liabilities directly caused by Manager's gross negligence or willful misconduct ("**Manager's Liabilities**") shall be the responsibility of Manager. Owner shall indemnify, defend and hold Manager harmless from and against all loss, costs, liability, and damage (including, without limitation, reasonable attorneys' fees and expenses) arising from Owner's failure to pay or perform such Covered Liabilities, Owner's breach of this Agreement, and/or Owner's gross negligence or willful misconduct. Manager shall pay, indemnify, defend and hold Owner harmless from and against all Manager's Liabilities. The provisions of this Section 4.3.3 will survive Termination.

4.4 Annual Operating Projection. For each Fiscal Year (or partial Fiscal Year) under this Agreement, Manager shall prepare and deliver to Owner for its review, a preliminary draft of the business plan (including a proposed budget) and a projection of the estimated Gross Revenues, Deductions, Operating Profit or Operating Loss, capital expenditures, and cash flow for the Franchise for that Fiscal Year (each an "**Annual Operating Projection**") for approval by Owner's Representative. In the case of

the Fiscal Year encompassing the Effective Date, Manager will deliver the Annual Operating Projection to Owner's Representative within forty-five (45) days of the Effective Date. For each subsequent Fiscal Year during the Term, Manager will deliver the Annual Operating Projection to Owner by February 28th of the then-current Fiscal Year. During any period between the end of the prior Fiscal Year and the date Manager delivers the Annual Operating Projection for the then-current Fiscal Year, Owner and Manager will continue on an interim basis under this Agreement using the budget in effect under the prior Fiscal Year's Annual Operating Projection. Manager will consider in good faith suggestions made by Owner's Representative with respect to the Annual Operating Projection and make modifications thereto that are agreed upon by Owner's Representative and Manager. Upon approval of the Annual Operating Projection by Owner's Representative and Manager, Manager shall use commercially reasonable efforts to adhere to the Annual Operating Projection for that Fiscal Year. In the event Owner's Representative and Manager are unable to agree upon the Annual Operating Projection within sixty (60) days after Manager provides the proposed Annual Operating Projection for that Fiscal Year, then Owner and Manager will continue on an interim basis under this Agreement using the budget in effect during the prior Fiscal Year, adjusted by the Consumer Price Index; provided, however, that in such instance Manager will have the right to terminate this Agreement upon thirty (30) days' advance written notice to Owner's Representative, and Owner shall be jointly and severally obligated to make any payments required in connection with the termination of this Agreement, including, without limitation, the Early Termination Payment.

4.5 Initial Capital; Minimum Working Capital. Owner shall cause to be deposited in the Operating Account as of the Effective Date an amount equal to or greater than the Initial Capital. Owner shall also cause to be maintained in the Operating Account at all times throughout the Term an amount equal to or greater than the Minimum Working Capital. Owner represents that the Minimum Working Capital will be held in the Operating Account during the Term of this Agreement and may be used by Manager according to the terms of this Agreement.

4.6 Additional Working Capital.

4.6.1 Manager may from time to time during the Term request that Owner contribute additional funds ("**Additional Working Capital**") necessary to maintain Working Capital at levels reasonably determined by Manager to be necessary to satisfy the ongoing needs of the Franchise (which may include, without limitation, having sufficient cash in the Operating Account to maintain the normal course operations of the Franchise or to pay any committed or required capital expenditures, interest payments, debt payments, or other similar cash payments over the ensuing three (3) months).

4.6.2 If Manager requests Additional Working Capital under Section 4.6.1 or because (a) there is an Operating Loss for any Accounting Period, (b) in Manager's business judgment, Manager projects that there will be an Operating Loss or cash deficit for an upcoming Accounting Period, and/or (c) the Franchise generates insufficient cash to pay any due and owing obligations of the Franchise when due, Owner must contribute Additional Working Capital in the amount of the actual or projected Operating Loss or cash deficit (as determined by Manager) within five (5) days after Manager has delivered written notice thereof to Owner's Representative.

4.6.3 Additionally, Manager will have the right (without affecting Manager's other remedies under this Agreement), but no obligation, to advance funds on behalf of Owner as needed to pay Essential Operating Expenses to keep the Franchise in operation as required by the Franchise Agreement. To the extent that Manager advances any monies for Essential Operating Expenses or otherwise, Manager will have the right to fully reimburse itself as soon as practical. Any amounts reimbursed to Manager

under this Section 4.6.4 will not be a "Deduction" from Gross Revenues in determining the Operating Profits and for purposes of calculating the Incentive Fee.

4.6.4 Manager will have the right to terminate this Agreement upon written notice to Owner 's Representative at least fifteen (15) days before the effective date of the termination in the event that Owner does not provide the Additional Working Capital described in this Section, or if Owner does not maintain the Minimum Working Capital described herein.

5 REPAIRS, MAINTENANCE, CAPITAL EXPENDITURES AND REPLACEMENTS

5.1 Repairs and Maintenance to be Paid from Gross Revenues. Subject to the availability of adequate funds, Manager shall maintain the Franchise in good repair and condition, use commercially reasonable efforts to comply with and abide by all applicable Legal Requirements pertaining to its operation of the Franchise and shall make or cause to be made such routine maintenance, repairs and minor alterations as it determines are necessary for such purposes and as required pursuant to the terms of the Franchise Agreement and to ensure operations consistent with the System Standards. The phrase "routine maintenance, repairs, and minor alterations" as used in this Section 5.1 shall include only those which are normally expensed under generally accepted accounting principles. The cost of such maintenance, repairs and alterations shall be paid from Gross Revenues and shall be treated as a Deduction.

5.2 Capital Expenditures and Equipment Replacements.

5.2.1 Subject to the availability of adequate funds, Manager shall from time to time (a) make such replacements, renewals and additions to the FF&E of the Franchise, and (b) make such Routine Capital Expenditures, as may be agreed upon by Owner and Manager and as may be required by the Franchise Agreement and as included in the Annual Operating Projection. Manager may from time to time prepare estimates as to the projected costs of such improvements, and may propose an increase to the Working Capital or changes in the Annual Operating Projection to adequately fund the projected expenditures.

5.2.2 If Owner requests that Manager perform capital improvements that are not included in the Annual Operating Projection, Manager may perform such improvements provided that Owner pays for such improvements as an Additional Capital infusion.

5.2.3 Notwithstanding the foregoing, in case of threatened damage or destruction to the Franchise or Persons or property thereon due to force majeure or other comparable emergency, Manager may make such repairs, replacements or improvements to the Franchise as Manager reasonably deems necessary to avoid and/or minimize any such damage or destruction.

6 INSURANCE

6.1 Insurance. Manager shall, commencing with the Effective Date and for the duration of the Term, procure and maintain, using funds deducted from Gross Revenues, insurance for the Franchise as needed to comply with the requirements of the Franchise Agreement (or, if requested by Owner, insurance coverages in excess of the policies needed to comply with the Franchise Agreement).

6.2 Manager Insurance. In the event that Manager is required by applicable laws or regulations relating to the performance of its duties under this Agreement to obtain insurance coverage directly relating to its activities as Manager in addition to coverage Manager already maintains, then Manager will procure

and maintain the necessary insurance using funds deducted from Gross Revenues.

6.3 Coverage. All insurance described in Sections 6.1 and 6.2 may be obtained by Manager by endorsement or equivalent means under its blanket insurance policies, provided that such blanket policies fulfill the requirements and limits of the Franchise Agreement. Owner shall be named as the insured, and Manager and Franchisor shall be the named additionally insureds with respect to comprehensive general public liability insurance against claims for all injury, death or property damage occurring on, in, or about the Franchise, and, to the extent applicable, such other insurance, including excess/umbrella coverage. Manager shall be the named insured and Owner and Franchisor shall be additional insureds on employer's practice liability insurance, workers compensation insurance and fidelity bonds or crime insurance.

6.4 Costs and Expenses. Insurance premiums and any costs or expenses with respect to the insurance described in this Section 6 shall be Deductions in determining Operating Profit. Premiums on policies for more than one year shall be charged pro rata against Gross Revenues over the period of the policies. Any reserves, losses, costs, damages or expenses which are uninsured, or fall within deductible limits, shall be treated as a cost of insurance and shall be Deductions in determining Operating Profit.

7 EVENTS OF DEFAULT

7.1 Events of Default. Each of the following shall, to the extent permitted by applicable law, constitute an "**Event of Default**" under this Agreement.

7.1.1 The failure of Owner to make any payment required to be made in accordance with the terms of this Agreement, as of the due date as specified in this Agreement and, unless stated otherwise herein, the failure to cure such default within ten (10) days after receipt of written notice from Manager demanding such cure.

7.1.2 The failure of Owner to perform, keep or fulfill any of the other covenants, undertakings, obligations or conditions set forth in this Agreement, and the continuance of such default for a period of thirty (30) days after Owner's receipt of written notice from Manager of the failure.

7.1.3 Any default by Owner under the Franchise Agreement or any other agreement with Franchisor (or its Affiliates), subject to the same provisions for notice and cure, if any, as may be applicable to the default under the Franchise Agreement or other agreement(s).

7.1.4 The gross negligence or willful misconduct of Manager in the performance of its obligations under this Agreement; provided such gross negligence or willful misconduct results in material damage to Owner; and provided further that Owner notifies Manager in writing of such gross negligence or willful misconduct and Manager fails to cure within thirty (30) days of notice, or, if the default is such that it cannot reasonably be cured within the thirty (30) day period of time, if Manager fails to commence the cure of the default within the thirty (30) day period of time or thereafter fails to diligently pursue such efforts to completion and fails to cure the default within sixty (60) days of the original written notice.

7.1.5 The Sale of the Franchise or any unapproved "change of control" of Owner.

7.1.6 The filing by Owner of a voluntary petition in bankruptcy or insolvency or a petition for reorganization under any bankruptcy law by any party.

7.1.7 The consent by Owner to an involuntary petition in bankruptcy or the failure to

vacate, within ninety (90) days from the date of entry thereof, any order approving an involuntary petition by any party.

7.1.8 The entering of an order, judgment or decree by any court of competent jurisdiction, on the application of a creditor, adjudicating Owner as bankrupt or insolvent or approving a petition seeking reorganization or appointing a receiver, trustee, or liquidator of all or a substantial part of Owner's assets, and such order, judgment or decree's continuing unstayed and in effect for an aggregate of sixty (60) days (whether or not consecutive).

7.1.9 The breach by Owner of any lease agreement with respect to the Franchise.

7.1.10 The breach by Owner of any equipment lease agreement with respect to the Franchise.

7.2 Remedies.

7.2.1 Upon the occurrence of an Event of Default, the non-defaulting party shall have the right to pursue any one or more of the following courses of action: (a) to terminate this Agreement by written notice to the defaulting party, which termination shall be effective as of the effective date which is set forth in the notice, provided that the effective date is at least thirty (30) days after the date of the notice (or ten (10) days in the case of an Event of Default pursuant to Section 7.1.1); (b) to initiate any and all proceedings permitted by law or equity including, without limitation (but subject to the provisions of Section 10 hereof), actions for specific performance and/or damages.

7.2.2 Upon the occurrence of an Event of Default, any amounts owed to the non-defaulting party shall accrue interest, at the lesser of 10% per annum or the highest rate allowed by law, from and after the date on which the Event of Default occurred.

7.2.3 The remedies granted under this Section 7.2 shall not be in substitution for, but shall be in addition, to, any and all rights and remedies available to the non-defaulting party (including, without limitation, injunctive relief and damages) by reason of applicable provisions of law or equity and shall survive Termination.

7.2.4 In the event of any termination of this Agreement, Owner shall immediately pay any and all amounts due and owing to Manager, Franchisor (and any of their Affiliates) under this Agreement, the Franchise Agreement and any other agreement between Owner, on one hand, and Manager and/or Franchisor (and/or their Affiliates), on the other hand, including without limitation, the Early Termination Payment (which shall become due and payable upon any termination of this Agreement by Manager, other than termination predicated on Manager's gross negligence or willful misconduct).

8 ASSIGNMENT

8.1 Assignment by Manager. Manager shall have the right, without consent, to irrevocably and totally assign this Agreement and/or its interest in this Agreement to: (i) any of its Affiliates; (ii) any successor by merger, consolidation, stock sale, reorganization or other 'change of control' transaction; or (iii) any party succeeding to substantially all of the assets or equity securities of Manager or its Affiliates. Any other assignment shall require the consent of Owner which shall not be unreasonably withheld or delayed.

8.2 Assignment by Owner. Subject to Owner's obligations under the Franchise Agreement, Owner may not assign this Agreement in any circumstance without the prior written consent of Manager which may be withheld in Manager's sole discretion. For the avoidance of doubt, any "change of control" of Owner shall constitute an assignment governed by Sections 8.2 and 8.3 hereof and shall require the prior written consent of Manager.

8.3 Nothing contained in this Agreement will limit or waive any obligations of Owner as Franchisee under Section 11 of the Franchise Agreement relating to transfers and Owner/Franchisee must comply with such obligations as a condition of any assignment under this Agreement.

9 Indemnification.

9.1 Indemnification by Owner. Owner shall indemnify, defend and hold harmless Manager, Manager's affiliated entities, and its and their officers, directors, employees, attorneys, members, managers, shareholders and other representatives (collectively, the "**Indemnified Parties**") from, against and in respect of any and all losses, judgments, settlements, claims, fines, penalties, liabilities, damages, costs or expenses (including reasonable attorney's fees and expenses) (collectively, "**Losses**") asserted against or incurred or sustained by Indemnified Parties, arising out of, or resulting from, in whole or in part:

9.1.1 any breach of any warranty or misrepresentation by Owner or Owner's breach of any covenant, agreement or obligation under this Agreement;

9.1.2 the management and/or operation of the Franchise by Manager or any of its agents, officers, employees, attorneys or representatives, unless resulting from gross negligence or willful misconduct of Manager or any of its agents, officers, employees or representatives;

9.1.3 any injury suffered by any personnel, member or any other person at the Franchise, unless resulting from gross negligence or willful misconduct of Manager or any of its agents, officers, employees or representatives;

9.1.4 the failure of Owner to comply with the terms of any contract with members with respect to the Franchise or any other contract to which Owner is a party or which Owner has assumed with respect to the Franchise, unless such breach is caused by Manager's willful failure to perform its obligations under this Agreement; and

9.1.5 any employment-related claim by personnel of the Franchise.

9.2 Procedures for Indemnification. The provisions of this Section 9 shall govern actions for indemnification under this Agreement. As soon as practicable after an Indemnified Party seeking indemnification under this Section 9 becomes aware of any fact, condition or event which may give rise to Losses for which indemnification may be sought hereunder, the Indemnified Party will deliver to the Owner written notice thereof, whereupon the Owner shall have the right to participate in, and, if the Owner agrees in writing that it will be responsible for any costs, expenses, judgments, damages and losses incurred by the Indemnified Party with respect to such claim, to assume the defense thereof with counsel selected by the Owner and reasonably acceptable to the Indemnified Party or by counsel selected by the Owner's insurer; provided, however, that the Indemnified Party shall have the right to retain its own counsel, with the fees and expenses to be paid by the Owner, if representation of the Indemnified Party by the counsel retained by the Owner would be inappropriate due to conflict of interests between the Indemnified Party and any other party represented by such counsel in such proceeding. The failure to

deliver written notice to the Owner within a reasonable time of becoming aware of any such claim shall relieve the Owner of any liability to the Indemnified Party under the applicable indemnification provisions only if and to the extent that such failure is prejudicial to the Owner's ability to defend such action, and the omission to timely deliver written notice to the Owner will not relieve it of any liability that it may have to the Indemnified Party other than under such provisions. Owner and Manager shall cooperate in all reasonable respects in connection with any such claim for indemnification and shall take such action as shall be reasonably requested by the other Party to endeavor to achieve a favorable outcome with respect to the underlying claim with respect to which such indemnification is sought. Without limiting the generality of the preceding sentence, Owner and Manager, as applicable, shall (a) furnish the other Party with copies of all written communications, pleadings and other material documents and instruments sent to, served upon or prepared by such Party in connection with such underlying claim, provided that there is no waiver of attorney work product or attorney-client privileges that either Party may wish to assert, (b) make available to the other Party the advisors, consultants, principals and employees of such Party, as is reasonably requested and (c) promptly upon request, furnish the other Party with copies of all other materials which, in the opinion of the requesting Party or such Party's attorneys, would be helpful under the circumstances.

9.3 Survival. The provisions of Section 9 will survive Termination.

10 DISPUTE RESOLUTIONS

10.1 Mediation. Except as otherwise provided herein, if a dispute arises out of or relates to this Agreement, the breach hereof, the rights and obligations of the parties hereto, or the performance of either party under this Agreement, the parties agree first to try in good faith to settle the dispute by non-binding mediation administered by the American Arbitration Association ("**AAA**") in accordance with its Commercial Mediation Rules, before resorting to arbitration, litigation, or some other dispute resolution procedure. Such mediation shall take place before a sole mediator at a location designated by Manager within ten (10) miles of Manager's principal business address, which is currently located in Orange County, California. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between Owner and Manager. Mediation shall not be required with respect to: (a) any claim or dispute involving any payment obligation of Owner that is past due; (b) any claim or dispute involving actual or threatened disclosure or misuse of our confidential information; (c) any claim or dispute involving the ownership, validity, or use of the UFC GYM Trademarks or UFC GYM Intellectual Property; (d) any claim or dispute involving the insurance or indemnification provisions of this Agreement; or (e) any claim or dispute involving a non-curable default.

10.2 Arbitration. Manager and Owner agree that all controversies, disputes, or claims between Manager and its Affiliates (and their respective shareholders, officers, directors, attorneys, agents, and/or employees) and Owner (and/or its owners, guarantors, Affiliates, and/or employees) arising out of or related to (i) this Agreement or any other agreement between Manager (and its Affiliates) and Owner (and its Affiliates), except the Franchise Agreement (in which case the terms and conditions of the Franchise Agreement shall control), (ii) the relationship of Manager and Owner, or (iii) the scope and validity of this Agreement or any other agreement between Manager (and its Affiliates) and Owner (and its Affiliates), except the Franchise Agreement (in which case the terms and conditions of the Franchise Agreement shall control), or any provision of such agreements (including the validity and scope of the arbitration obligations under this Section, which the parties acknowledge is to be determined by an arbitrator and not a court), which are not settled by mediation under Section 10.1 hereof must be submitted for binding arbitration, on demand of either party, to the AAA, except as provided in Sections 10.2.4 and 10.2.6 below. The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the then current commercial arbitration rules of the AAA. All proceedings will be conducted at a suitable location chosen by the arbitrator within ten (10) miles of Manager's principal

business address, which is currently located in Orange County, California. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

10.2.3 The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrator may not declare any UFC GYM Trademark generic or otherwise invalid or award any punitive or exemplary damages against either party (Manager and Owner hereby waiving to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other).

10.2.4 Manager and Owner agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Manager and Owner further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Manager or Owner. Manager reserves the right, but has no obligation, to advance Owner's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished its right to seek the recovery of those costs in accordance with Section 10.5.

10.2.5 Manager and Owner agree that arbitration will be conducted on an individual, not a class wide, basis and that an arbitration proceeding between Manager and Manager's Affiliates (including Manager's and Manager Affiliates' respective shareholders, officers, directors, agents, and/or employees) and Owner (and/or its owners, guarantors, Affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between the parties and any other person. Notwithstanding the foregoing or anything to the contrary in this Section or elsewhere in this Agreement, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Agreement, then the parties agree that this arbitration clause will not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this Section 10 (excluding this Section 10.2).

10.2.6 Despite the parties' agreement to arbitrate, Manager and Owner each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that the parties must contemporaneously submit the dispute for arbitration on the merits as provided in this Section.

10.2.7 The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

10.2.8 The obligation to arbitrate is not binding on either party for claims involving the UFC GYM Intellectual Property; claims involving any lease of real property between the parties or their related entities; or matters involving actions that may impair the goodwill associated with the UFC GYM Intellectual Property.

10.3 Jurisdiction and Venue. In connection with any proceedings the parties irrevocably and

unconditionally (i) agree that any mediation, arbitration, legal action or legal proceeding involving the Franchise or this Agreement or Manager and/or Owner will be conducted in the county where Manager's principal place of business is then-located (currently, Orange County, California) or may be brought in the District Court of the United States, in the district where Manager's principal place of business is then located or, if this court lacks jurisdiction, the courts of record of the state and county where Manager's principal place of business is then located; (ii) consent to the jurisdiction of each court listed herein in any action or proceeding; (iii) waive any objection that he, she or it may have to the laying of venue of any action or proceeding in any of the courts listed herein; and (iv) agree that service of any court paper may be effected on the party by mail at the last known address, as provided in this Agreement, or in any other manner as may be provided under applicable laws or court rules in the state where Manager's principal place of business is then located. Manager and Owner have selected this location for the resolution of disputes based upon practical business realities, such as (1) the fact that relevant business records, and many of Manager's personnel (who may be critical as witnesses or otherwise available to assist in resolution of the dispute), will generally be located at Manager's then current headquarters and (2) Manager and Owner have a shared interest in avoiding inconsistent legal resolutions in multiple jurisdictions, which could adversely affect the consistent operation of the UFC Gym businesses and Manager's day-to-day affairs.

10.4 Applicable Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq. or the United States Arbitration Act, 9 U.S.C. §§ 1 et seq.), this Agreement and any other agreement between the parties and all transactions contemplated by this Agreement and all disputes between the parties are governed by the laws of the State of California without regard to principles of conflicts of laws.

10.5 Enforcement Costs. If any arbitration, legal action or other proceeding is begun for the enforcement of this Agreement, or for an alleged dispute, breach, default or misrepresentation under any term of this Agreement, the prevailing party (as determined by the court or arbitrator) is entitled to recover reasonable attorneys' fees, court costs and all expenses (including all fees and expenses incident to arbitration, appellate, bankruptcy and post-judgment proceedings), incurred in the action or proceeding, in addition to any other relief that the party is entitled.

10.6 Waiver of Jury Trial. The parties waive the right to a trial by a jury of all claims made between them whether existing now or in the future, including all claims, defenses, counterclaims, cross claims third-party claims and intervenor's claims involving the negotiation, signing or performance of the transaction involving this Agreement.

10.7 Limitation Period. Except for claims arising from Owner's non-payment or underpayment of amounts payable to Manager, any and all claims arising out of or relating to this Agreement or any agreement related to this Agreement or executed concurrently herewith or the relationship of the parties hereto, shall be barred unless a judicial proceeding is commenced within two (2) years from the date of the complaining party knew or should have known of the facts giving rise such a claim.

10.8 Survival. The provisions of Section 10 will survive Termination.

11 MISCELLANEOUS

11.1 Right to Make Agreement. Each party warrants, with respect to itself, that neither the execution of this Agreement nor the performance of the transactions contemplated hereby shall violate any provision of law or judgment, writ, injunction, order or decree of any court or governmental authority having jurisdiction over it; result in or constitute a breach or default under any indenture, contract, other commitment or restriction to which it is a party or by which it is bound; or, require any consent, vote or approval which has not been taken, or at the time of the transaction involved shall not have been given or taken. Each party covenants that it has and will continue to have throughout the Term and any extensions thereof, the full right to enter into this Agreement and perform its obligations hereunder.

11.2 Cooperation. Owner agrees to cooperate with Manager by executing such leases, subleases, licenses, concessions, equipment leases, service contracts and other agreements negotiated in good faith and at arm's length by Manager and pertaining to the Franchise that, in Manager's reasonable judgment, should be made in the name of Owner, provided that all such agreements shall be subject to Owner's prior approval and are consistent with Owner's obligations as Franchisee under the Franchise Agreement. Further, Owner agrees to timely provide all information, data, reports, materials, and documents to Manager as Manager may request in order to perform its duties under this Agreement, and Owner agrees to timely perform any such other tasks and provide any other deliverables as Manager may request.

11.3 Relationship. The relationship of Owner and Manager shall be that of independent contractors, and neither this Agreement nor any agreements, instruments, documents, or transactions contemplated hereby shall in any respect be interpreted, deemed or construed as making Manager an agent of or partner or joint venturer with Owner. Owner and Manager each agree that they will not make any contrary assertion, claim or counterclaim in any action, suit, arbitration or other legal proceedings involving Owner and Manager. Any contract or agreement that Manager enters into with an Affiliate of Manager or with a third party to provide goods or services to the Franchise shall be entered into in the name of Manager or Owner (and shall be paid from the Gross Revenues), provided that no such contract or agreement shall be entered into in the name of Owner without such parties prior written consent and approval of each such agreement and contract.

11.4 Headings. Headings of articles and sections are inserted only for convenience and are in no way to be construed as a limitation on the scope of the particular articles or sections to which they refer.

11.5 Notices. All notices, requests, consents and other communications required or permitted under this Agreement must be in writing and must be hand delivered by messenger or courier service, emailed (proof of receipt required), or mailed (airmail if international) by registered or certified mail (postage prepaid), return receipt requested, addressed to:

If to Manager:

UG Management Company, LLC
4160 Temescal Canyon Road, Suite 112
Corona, CA 92883
Attn: General Counsel

If to Owner:

Address listed on signature page

11.6 Confidentiality; Projections.

11.6.1 The parties agree that the terms of this Agreement are strictly confidential and each party will use their reasonable efforts to ensure that the terms of this Agreement are not disclosed to any outside person or entities without the prior written consent of the other party, except (1) as either party may determine is required by any law, rule, regulation or judicial process, or by any regulatory or supervisory authority having jurisdiction over the parties or any of their Affiliates or (2) to the extent reasonably necessary, (i) to obtain licenses, permits and other public approvals, (ii) in connection with a financing of the Franchise or Owner (iii) subject to the provisions of Section 4.2, in connection with an audit or other investigation conducted pursuant to this Agreement, or (iv) in connection with either party's enforcement of its rights and remedies under this Agreement. Notwithstanding the foregoing or anything to the contrary set forth herein, the terms of this Agreement shall not be deemed confidential to the extent that such information becomes generally available to the public other than as a result of unauthorized disclosure by the recipient or persons to whom such recipient has made the information available. Nothing in this Agreement will limit Owner's obligations regarding confidentiality under the Franchise Agreement.

11.6.2 Owner acknowledges and agrees that any written or oral projections, pro formas, or other similar information that has been (prior to execution of this Agreement) or will (during the Term) be provided by Manager (or any Affiliate) to Owner is for information purposes only, and that Manager, and any such Affiliate do not guarantee that the Franchise will achieve the results set forth in any such projections, pro formas, or other similar information, including without limitation, the Annual Operating Projection. Owner further acknowledges that any such projections, pro formas, or other similar information, including without limitation, the Annual Operating Projection, are based on assumptions and estimates, and unanticipated events may occur subsequent to the date of the preparation of such projections, pro formas, and other similar information, including without limitation, the Annual Operating Projection, and the actual results achieved by the Franchise are likely to vary from the estimates contained in any such projections, pro formas, or other similar information, including without limitation, the Annual Operating Projection, and such variations might be material.

11.7 Actions to be Taken Upon Termination. Upon a Termination, the following shall be applicable:

11.7.1 Manager shall, within ninety (90) days after Termination, prepare and deliver to Owner a final accounting statement with respect to the Franchise, as more particularly described in Section 4.1 hereof, along with a statement of any sums due from Owner to Manager pursuant hereto, dated as of the date of Termination. Within thirty (30) days of the receipt by Owner of the final accounting statement, the parties will make whatever cash adjustments are necessary pursuant to the final statement. The cost of preparing the final accounting statement will be a Deduction, paid by Owner. Manager and Owner acknowledge that there may be certain adjustments for which the information will not be available at the time of the final accounting and the parties agree to readjust such amounts and make the necessary cash adjustments when such information becomes available; provided, however, that all accounts shall be deemed final two (2) years after Termination.

11.7.2 Manager shall immediately release and transfer to Owner any of Owner's funds which are held or controlled by Manager with respect to the Franchise and which are in excess of any amounts due to Franchisor under the Franchise Agreement and due to Manager under this Agreement, including, without limitation, the Early Termination Payment. Owner authorizes Manager to use funds held by Manager under this Agreement to pay amounts due to Franchisor upon termination of the Franchise Agreement and to use funds held by Manager under this Agreement to pay amounts due to Manager upon termination of this Agreement.

11.7.3 Manager shall make available to Owner such books and records respecting the Franchise (including those from prior years) as will be needed by Owner to prepare the accounting statements for the Franchise for the year in which the Termination occurs and for any subsequent year.

11.7.4 Manager shall (to the extent permitted by law) assign to Owner or to the new manager all operating licenses and permits for the Franchise which have been issued in Manager's name; provided that if Manager has expended any of its own funds in the acquisition of any of such licenses or permits, Owner shall reimburse Manager.

11.7.5 If this Agreement is terminated by reason of Owner's Event of Default, a reasonable reserve shall be established from Gross Revenues to reimburse Manager for all costs and expenses incurred by Manager in terminating its employees at the Franchise, such as wages and commissions due, severance pay, unemployment compensation, accrued and payable unused vacation, employment relocation and other employee liability costs arising out of the termination of employment of Manager's employees at the Franchise. If Gross Revenues are insufficient to meet the requirements of such reserve, then Owner shall deliver to Manager, within ten (10) Business Days after receipt of Manager's written request therefor, the sums necessary to establish such reserve.

11.7.6 Manager shall peacefully vacate and surrender the Franchise to Owner on the date of termination unless otherwise agreed to by the parties.

11.7.7 Owner will obtain and maintain for a three (3) year period following the expiration or termination of this Agreement insurance policies according to the coverage standards of Section 6.1 and 6.3 above, relating to potential liabilities arising during the Term.

11.7.8 Owner agrees that nothing contained in this Agreement will limit or waive its obligations as Franchisee under Section 13 of the Franchise Agreement or relating to its obligations as Franchisee upon termination or non-renewal of the Franchise Agreement, and that such obligations include, without limitation, the requirements to: cease all use of the UFC GYM Trademarks, UFC GYM Intellectual Property, and any other rights licensed to Owner under the Franchise Agreement; repay membership fees to any persons who were members of the Franchise for cancelled memberships; fully de-identify the Premises, including, but not limited to, removing UFC GYM Trademarks from the interior and exterior of the Premises (including the surrounding premises); removing all signage bearing the UFC GYM Trademarks; making all alterations to the Premises (including the surrounding premises) as may be necessary to distinguish the Premises from a UFC Gym; and comply with the non-competition covenants. Owner acknowledges and agrees that, if it fails to make the required alterations and modifications, Manager will have the right to make all necessary changes and modifications without being guilty of trespass or other tort. If Manager makes such changes or modifications, upon demand from Manager, Owner shall pay all costs and expenses incurred by Manager in connection with those changes or modifications.

11.8 Manager's Right to Purchase the Franchise. Owner agrees that, in addition to Franchisor's right to purchase the Franchise under Section 11.5 of the Franchise Agreement, Manager shall have an independent right (but not an obligation) to purchase the Franchise and/or all of Owner's assets with respect to such Franchise upon the termination or non-renewal of this Agreement, including with respect to each individual Franchise, (unless the Franchisor exercises its purchase rights under the Franchise Agreement). In such event, Owner agrees to sell and transfer all of its assets and/or equity interests with respect to the Franchise to Manager (or its Affiliates) for a purchase price equal to the fair market value

of such assets (to be determined by Manager (or its Affiliates) in its sole and reasonable discretion), and such asset purchase shall also be subject to such other terms, conditions, covenants, representations, warranties and indemnification provisions as Manager may require. If Owner reasonably disagrees with Manager's determination of the fair market value of the assets subject to the transaction referenced above, Owner may, at its sole expense, engage an independent and reputable accounting firm or investment bank with experience performing corporate valuations to conduct a valuation of such assets (such valuation to be completed within thirty (30) days after Manager's initial notification of the assets' fair market value). If the valuation determined by such independent third party is less than Manager's determination of fair market value, Owner and Manager shall use Manager's determination of fair market value in connection with the determination of the purchase price. If the valuation determined by such independent third party is greater than Manager's determination of fair market value, Owner and Manager shall average Manager's determination of fair market value and the independent party's valuation in connection with the determination of the purchase price. The parties further agree that the terms and conditions of Section 11.5 of the Franchise Agreement regarding Franchisor's right to purchase the Franchise will apply with respect to Manager's right under this Agreement to purchase the Franchise, and that the parties will comply with the terms of Section 11.5 of the Franchise Agreement as though fully incorporated and set forth in this Agreement.

11.9 Waiver. The failure of either party to insist upon a strict performance of any of the terms or provisions of this Agreement, or to exercise any option, right or remedy contained in this Agreement, shall not be construed as a waiver or as a relinquishment for the future of such term, provision, option, right or remedy, but the same shall continue and remain in full force and effect. No waiver by either party of any term or provision hereof shall be deemed to have been made unless expressed in writing and signed by such party.

11.10 Partial Invalidity. If any portion of any term or provision of this Agreement, or the application thereof to any person or circumstance shall be invalid or unenforceable, at any time or to any extent, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

11.11 Negotiation of Agreement. Owner and Manager are business entities having substantial experience with the subject matter of this Agreement, and each has fully participated in the negotiation and drafting of this Agreement. Accordingly, this Agreement shall be construed without regard to the rule that ambiguities in a document are to be construed against the draftsman. No inferences shall be drawn from the fact that the final, duly executed Agreement differs in any respect from any previous draft hereof.

11.12 Restrictions on Operating the Franchise in Accordance with System Standards. In the event of either (i) a Legal Requirement, including an order, judgment or directive by a court or administrative body which is issued in connection with any Litigation involving Owner, or (ii) any action taken by a lender in connection with a foreclosure, which in either case restricts or prevents Manager, in a material and adverse manner, from operating the Franchise in accordance with System Standards (including without limitation, any restrictions on expenditures by Manager from the Operating Account, other than restrictions which are set forth in this Agreement), Manager shall be entitled, at its option, to terminate this Agreement upon sixty (60) days' written notice to Owner. The foregoing shall not reduce or otherwise affect the rights of the parties under Section 7.

11.13 Entire Agreement. This Agreement, together with any other writings signed by the parties expressly stated to be supplemental hereto and together with any instruments to be executed and delivered pursuant to this Agreement, constitutes the entire agreement between the parties and supersedes all prior understandings and writings, and may be changed only by a written instrument that has been duly executed by the parties hereto.

11.14 Franchise Agreement. During the Term of this Agreement with respect to the Franchise, and subject to the availability of adequate funds, Manager agrees to perform all of the obligations of Owner as "Franchisee" under the Franchise Agreement but only to the extent such obligations relate to the management or operation of the Franchise, and Manager shall not commit any act or omit to take any action that would cause a default by the Franchisee under the Franchise Agreement (with the exception of defaults caused by Owner including Owner's failure to fund the amounts required herein). In the event of any inconsistency between the provisions of this Agreement and the provisions of the Franchise Agreement, the provisions of the Franchise Agreement shall prevail. Manager shall send promptly to Owner any and all notices that Manager receives from the Franchisor with respect to the Franchise or the Franchise Agreement and shall keep Owner fully informed with respect to all matters that come to Manager's attention under the Franchise Agreement.

11.15 Sale of the Franchise. Owner acknowledges and agrees that it will not sell, transfer or assign any of its equity interests to any third party, or sell, transfer or assign any of the assets with respect to the Franchise to any third party, without the express and prior written consent of Manager.

11.16 Transaction Expenses. Owner agrees to pay all of its legal, accounting and other fees and expenses incurred by it in connection with the transactions contemplated by this Agreement. In addition, Owner agrees to pay (on the Effective Date of this Agreement) all of Manager's (or its Affiliates) legal fees and expenses incurred in connection with this transaction.

12 DEFINITIONS OF TERMS

The following terms when used in this Agreement shall have the meanings indicated:

"**AAA**" has the meaning ascribed to it in Section 10.1.

"**Accounting Period**" means each three-month period (or portion thereof) beginning on January 1st of each Fiscal Year (i.e., quarters run from January 1 through March 31, April 1 through June 30, July 1 through September 30, and October 1 through December 31), unless Manager notifies Owner in writing that an alternative period will be used to conform Franchisor's accounting system to the calendar as may be required under the Franchise Agreement.

"**Accounting Period Statement**" has the meaning ascribed to it in Section 4.1.1.

"**Additional Working Capital**" has the meaning ascribed to it in Section 4.6.1.

"**Affiliate**" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person. For purposes of this Agreement, the term "control" (including the terms "controlling," "controlled by" and "under common control with") of a Person means the possession, directly or indirectly, of the power: (i) to vote more than fifty percent (50%) of the voting stock or other beneficial interests of such Person; or (ii) to direct or cause the direction of the management

and policies of such Person, whether through the ownership of voting stock, by contract or otherwise.

"**Agreement**" means this Management Agreement including the exhibits attached hereto.

"**Annual Operating Projection**" has the meaning ascribed to it in Section 4.4.

"**Annual Operating Statement**" has the meaning ascribed to it in Section 4.1.2.

"**Back Office Support Fee**" has the meaning ascribed to it in Section 3.3.

"**Business Day**" means any day other than a Saturday, Sunday or legal holiday in the State where the Premises are located.

"**Consumer Price Index**" means the Consumer Price Index as published by the U.S. Bureau of Labor Statistics, or if it no longer publishes the Index, then Manager will have the right to designate a reasonable alternative measure of inflation.

"**Deductions**" means the following:

i. Essential Operating Expenses;

ii. Routine Capital Expenses; and

iii. a reasonable reserve for uncollectible accounts receivable as reasonably determined by Manager.

For purposes of calculating Operating Profit / Operating Loss, the term "Deductions" does not include (a) debt service payments pursuant to any mortgage or loan (which shall be the responsibility of Owner outside of this Agreement); or (b) amounts to reimburse Manager for any monies that Manager advances to pay Essential Operating Expenses (even if the underlying expenses are items that would have been Deductions if there were sufficient funds to be paid from Working Capital).

"**Default**" means the occurrence of any event which, with the lapse of time, the giving of notice or both, would constitute an Event of Default.

"**Early Termination Payment**" means the payment that Owner shall pay to Manager, as consideration for the early termination of this Agreement in the event that this Agreement is terminated due to an Event of Default by Owner. The Early Termination Payment shall be an amount equal to (i) five percent (5%) of Gross Revenues for the period beginning on the Effective Date up to and including the eighteenth (18^{th}) month following the Effective Date; plus (ii) one and a half percent (1.5%) of Gross Revenues for the period beginning with the nineteenth (19^{th}) month following the Effective Date up to the date of Termination; plus (iii) an amount equal to the average Incentive Fees earned by Manager for the twelve (12) month period immediately preceding termination. Owner and Manager agree that this Early Termination Payment represents liquidated damages, and not a penalty, it being agreed by the parties that it is difficult to determine the actual amount of Manager's damages arising out of the early termination of this Agreement, and the calculation for determining the Early Termination Payment is a fair estimate.

"**Effective Date**" has the meaning ascribed to it in the Preamble.

"**Event of Default**" has the meaning ascribed to it in Section 7.1.

"**Essential Operating Expenses**" means (i) the payroll expenses of the personnel / employees / consultants of Manager working at the Franchise, (ii) rent (including maintenance, insurance and taxes) and utilities for the Franchise, (iii) premiums for insurance coverages required under this Agreement, (iv) required fees and payments under the Franchise Agreement (including any royalty obligations), (v) the Back Office Support Fee, (vi) any travel costs and expenses of Manager in connection with Manager's performance of services under this Agreement (including without limitation, travel for Manager's executives to the Premises), (vii) and such other expenses that are reasonably necessary for the continued proper and efficient operation of the Franchise during normal business hours.

"**FF&E**" means the furniture, furnishings and fixtures located in the Franchise, including but not limited to: soft goods, case goods, signage, exercise and gym equipment, audio-visual equipment, maintenance and housekeeping appliances, vehicles, carpeting and equipment, including front desk and back-of-the-house computer equipment, but does not include Software.

"**Fiscal Year**" means the fiscal year as of the Effective Date that ends at midnight on December 31 in each calendar year. Any partial Fiscal Year between the Effective Date and the commencement of the first full Fiscal Year shall constitute a separate Fiscal Year. A partial Fiscal Year between the end of the last full Fiscal Year and the Termination of this Agreement shall also constitute a separate Fiscal Year. If a Fiscal Year is changed in the future, appropriate adjustment to this Agreement's reporting and accounting procedures shall be made; provided, however, that no such change or adjustment shall alter the term of this Agreement or in any way reduce the distributions of Operating Profit or other payments due hereunder.

"**Franchise**" has the meaning ascribed to it in the Recitals.

"**Franchise Agreement**" has the meaning ascribed to it in the Recitals.

"**Franchisor**" has the meaning ascribed to it in the Recitals.

"**Gross Revenues**" means all revenues and receipts of every kind derived from operating the Franchise and all parts thereof, including, but not limited to: income (from both cash and credit transactions) from the rental of lockers, telephone charges, exhibit or sales space of every kind; license, lease and concession fees and rentals (not including gross receipts of licensees, lessees and concessionaires); income from vending machines; income from parking; any food and beverage sales; wholesale and retail sales of merchandise; service charges; and proceeds, if any, from business interruption or other loss of income insurance; provided, however, that Gross Revenues does not include the following: gratuities to employees of the Franchise; federal, state or municipal excise, sales or use taxes or any other taxes collected directly from patrons or guests or included as part of the sales price of any goods or services; proceeds from the sale of FF&E; interest received or accrued with respect to the funds in Operating Accounts of the Franchise; any refunds, rebates, discounts and credits of a similar nature, given, paid or returned in the course of obtaining Gross Revenues or components thereof; insurance proceeds (other than proceeds from business interruption or other loss of income insurance); condemnation proceeds (other than for a temporary taking); or any proceeds from any Sale of the Franchise (if approved by Manager) or from the financing or refinancing of any debt encumbering the Franchise.

"**Incentive Fee**" has the meaning ascribed to it in Section 3.

"**Indemnified Parties**" has the meaning ascribed to it in Section 9.1.

"**Initial Capital**" means cash of Owner in the Operating Account as of the Effective Date, as reflected in the bank statement provided by Owner to Manager on or before the Effective Date. For the avoidance of doubt, Initial Capital shall be no less than One Hundred Thousand Dollars ($100,000).

"**Inventories**" means items that are purchased and used or offered for sale in connection with the operation of the Franchise, which may include, but not be limited to, merchandise intended for sale; training supplies; operational supplies; mechanical supplies; stationery; provisions in storerooms; and other expensed supplies and similar items.

"**Legal Requirement(s)**" means any federal, state or local law, code, rule, ordinance, regulation or order of any governmental authority or agency having jurisdiction over the business or operation of the Franchise or the matters which are the subject of this Agreement.

"**Litigation**" means: (i) any cause of action (including, without limitation, bankruptcy or other debtor/creditor proceedings) commenced in a federal, state or local court; or (ii) any claim brought before an administrative agency or body (for example, without limitation, employment discrimination claims).

"**Losses**" has the meaning ascribed to it in Section 9.1.

"**Manager**" means UG Management Company, LLC.

"**Manager's Liabilities**" has the meaning ascribed to it in Section 4.3.2.

"**Manager's Representative**" means the employee(s) of Manager that are specifically designated to perform managerial responsibilities under this Agreement on behalf of Manager.

"**Manual**" means the written operating manuals for a UFC GYM Club created and updated by Franchisor from time to time.

"**Minimum Working Capital**" means cash of Owner maintained in the Operating Account at all times throughout the Term which shall be no less than One Hundred Thousand Dollars ($100,000).

"**Operating Account**" has the meaning ascribed to it in Section 4.3.1.

"**Operating Loss**" means a negative Operating Profit.

"**Operating Profit**" means the excess of Gross Revenues over Deductions.

"**Owner's Representative**" means the appointed representative of Owner who is designated to communicate with Manager and make material and day-to-day decisions on behalf of Owner.

"**Person**" means an individual (and the heirs, executors, administrators, or other legal representatives of an individual), a partnership, a corporation, limited liability company, a government or any department or agency thereof, a trustee, a trust and any unincorporated organization.

"**Routine Capital Expenditures**" means certain routine, non-major expenditures which are classified as "capital expenditures" under generally-accepted accounting principles. Routine Capital Expenditures

consist of the following types of expenditures: exterior and interior painting; resurfacing building walls and floors; resurfacing parking areas; and miscellaneous similar expenditures. Routine Capital Expenditures are not non-routine capital expenditures or major repairs or major alterations or improvements as determined by Manager in its sole discretion.

"**Sale of the Franchise**" means any sale, assignment, transfer or other disposition, for value or otherwise, voluntary or involuntary, of the Franchise(s) or the assets or equity of Owner, or any interest therein, in whole or part.

"**Software**" means all computer software programs, applications and accompanying documentation (including all future upgrades, enhancements, additions, substitutions and modifications thereof), other than computer software which is generally commercially available, which are used by Manager in connection with operating or otherwise providing services to the Franchise.

"**System**" has the meaning set forth in the Franchise Agreement.

"**System Standards**" means any one or more (as the context requires) of the following three (3) categories of standards: (i) operational standards (for example, services offered to customers, cleanliness, staffing and employee compensation and benefits, and other similar programs; (ii) physical standards (for example, quality and quantity of the FF&E, frequency of replacements to FF&E, etc.); and (iii) technology standards (for example, those relating to software, hardware, telecommunications, system security and information technology). System Standards includes any standards and requirements established by Franchisor under the Franchise Agreement.

"**Term**" has the meaning ascribed to it in Section 2.1.

"**Termination**" means the expiration or sooner cessation of this Agreement.

"**UFC GYM Intellectual Property**" means the UFC GYM Trademarks, trade secrets, trade dress (which includes the design, decoration, layout, equipment, furniture, fixtures and signs utilized in UFC Gym businesses), any patents, the confidential information and copyrighted information of Manager, Franchisor, or their Affiliates that Owner is entitled to use under the Franchisee Agreement.

"**UFC GYM Trademarks**" means the service mark and logo "UFC GYM®" and certain other trademarks, service marks, trade names, logos and commercial symbols in operating UFC Gym businesses, which Franchisor may specify for use in operating UFC Gym businesses.

"**Working Capital**" means funds that are used in the day-to-day operation of the business of the Franchise, including, without limitation, amounts sufficient for the maintenance of change and petty cash funds, amounts deposited in operating bank accounts, receivables, amounts deposited in payroll accounts, prepaid expenses and funds required to maintain Inventories, less accounts payable and accrued current liabilities.

IN WITNESS WHEREOF, the parties hereto have duly signed this Agreement as of the Effective Date.

OWNER:	MANAGER:
[_____]	**UG MANAGEMENT COMPANY, LLC**
By:_____	
Name:	By: _____
Title:	Name: Adam Sedlack
	Title: CEO
Address for notices:	

EXHIBIT N
TO THE
UFC GYM FRANCHISE DISCLOSURE DOCUMENT

OPERATIONS MANUAL TABLE OF CONTENTS

INDEX

FAST START 5

Commitment (Ours and Yours) 6

Key Personnel 6

Getting Started - Construction Manual 8

OPERATIONS 9

FORMS 9

MANDATORY SIGNAGE 9

BRANDED GUIDELINES (APPX 1,2,3 Links) 9

MONTHLY CALLS 9

CORPORATE WELLNESS AND INSURANCE VENDORS 10

CHALLENGES 10

MEMBERSHIP TYPES 10

HOURS OF OPERATIONS 10

HOLIDAYS 10

OPENING AND CLOSING PROCEDURES 11

KEEPING GLOVES AND GEAR SANITARY 11

SIGNAGE AND WINDOW CLING 12

CLOSING OUT CASH DRAWERS 13

ATMOSPHERE, EXPERIENCE, MAINTENANCE 14-17

CLUB MAINTENANCE 18

EQUIPMENT MAINTENANCE 18

PREVENTATIVE MAINTENANCE SCHEDULE 18

MAINTENANCE BINDER 19

FRONT DESK OPERATION POLICIES 19

MEMBER CHECK-IN 19

GUEST CHECK-IN 20

ULTIMATE CLASS CHECK-IN 20

POS SYSTEMS 20

PHONE SYSTEMS 21

KIDS CLUB OPERATION POLICIES 21

KIDS CLUB CHECK-IN / CHECK-OUT 21

KIDS CLUB RATIO 22

POS SYSTEMS 22

RECIPES 22

ULTIMATE CLASS OPERATION POLICIES 22

NO-SHOES POLICY 22

PROSPECT GLOVES AND WRAPS 23

WRAPPING HANDS 23

UNAPPROVED PROGRAMS, OTHER IMPERMISSIBLE ACTIVITIES, RETAIL & EQUIPMENT 24

EMERGENCY PROCEDURES 24

ACCIDENT REPORTING AND INVESTIGATION....24
FIRE SAFETY....25
ROBBERY....26
BURGLARY....26
SECURITY....26
CPR, FIRST AID, AND AED CERTIFICATION....27
STATE EMPLOYMENT LAWS....28
STATE EMPLOYMENT AREAS TO KNOW....28
- Overtime Calculation....28
- Payment of Commissions....28
- Statement of Wages (information required on a pay stub)....28
- Providing Uniforms (if team member is required to wear one)....28
- How to handle wages in dispute....28
- Employing Minors (under age 18)....28
- Recordkeeping and Retention requirements....28
- Meals and Breaks afforded to team members....28
- New Hire Reporting to the State....29
- Needs, if any, to provide Sexual Harassment Prevention training....29
- Occupational Safety and Health Administration (OSHA) and other workplace health and safety laws....29
- Required Posters and Notices to provide to the team member....29
- Staffing UFC GYM....29

POSITION TYPES....29
GENERAL MANAGER....29
ASSISTANT GENERAL MANAGER....30
MEMBERSHIP SPECIALIST....31
FITNESS DIRECTOR....31
COACH (3+ PERSONS DEPENDENT OF GYM SIZE AND VOLUME)....31
COACH LEVELS....32
OPERATIONS MANAGER (1 PERSON)....33
ASSISTANT OPERATIONS MANAGER....34
FRONT DESK....34
MERCHANDISE SUPERVISOR....34
ASSISTANT MERCHANDISE SUPERVISOR....35
MAINTENANCE TECHNICIAN....36
JANITORIAL....37
PREPARING FOR INTERVIEWS....40
Interviewing Candidates....41
AFTER THE INTERVIEW....42
BACKGROUND CHECK PROCESS....44
TEAM MEMBER HANDBOOK....44
UFC GYM University Training Program....46
ON THE JOB TRAINING....46

UFC GYM CORPORATE TRAINING....46
MANDATORY DRESS CODE POLICIES....50
GROUP CLASSES....51
Intro....51
Dynamic Warm Up....52
Example....52
Activity....52
Lower Heart Rate....52
Close....52
3 M's....53
MUSIC....53
MYZONE....53
MIC'S....53
CLASS EXPECTATIONS....55
INSTRUCTIONAL CLASSIFICATION....55
CLASS CATEGORIES....56
PARTICIPATION REQUIREMENTS....57
CLASS LOCATION....57
APPROVED CLASS FORMATS....58
STRIKING NUMBER SYSTEM....59
GROUP CLASS MANAGEMENT....62
SCHEDULING GUIDELINES....62
CLASS SCHEDULES....63
CLASS COUNT....63
CHECKING IN FOR CLASS....64
PRODUCTS....64
GI'S, GLOVES, WRAPS, AND GEAR (ACCESSORIES & APPAREL)....64
MERCHANDISE (APPAREL)....65
PERISHABLE GOODS (SUPPLEMENTS & DRINKS)....65
CREATING A MERCHANDISE PLAN....66
ORDERING / RESTOCKING PRODUCT....68
THE SELLING PLAN....68
SELLING BEST PRACTICES....69
MERCHANDISE SALES CYCLE....69
SALES PROMOTIONS....70
UFC GYM WHOLESALE MALL / P5....71
PAYMENT OPTIONS....71
HANDLING SHIPMENTS....72
UNDERSTANDING EMAIL ORDERS / TRACKING....72
INCOMING SHIPMENTS....72
BACKORDERS....73
DAMAGES, RETURNS & DISCREPANCIES....73
CONTROLLING INVENTORY....73

SHIPMENT FLOWCHART....74
INVENTORY CONTROL ACTIONS S.A.V.E. 75
CUSTOMER SERVICE 76
MEMBER SERVICE PHILOSOPHY 76
NEW MEMBER SALES PHILOSOPHY 76
POST ENROLLMENT PHILOSOPHY....76
GUEST SERVICE....76
OFFER ASSISTANCE....78
TELEPHONE MANNER 79
CANCELLATIONS....81
SAVING CANCELLATIONS....83
MEMBERSHIP LOCATIONTRANSFER POLICY 84
CLOSING ITEMS 85

July 2024 Edition

EXHIBIT O
TO THE
UFC GYM FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

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The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Florida, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington, and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATE	EFFECTIVE
California	
Florida	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Utah	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

Item 23

RECEIPT

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

If UG Franchise Operations, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the 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 or other agreement or the payment of any consideration, whichever occurs first.**

If UG Franchise Operations, 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 state agency listed on Exhibit A.

The franchisor is UG Franchise Operations, LLC, located at 4160 Temescal Canyon Road, Suite 112, Corona, CA 92883. Its telephone number is (949) 612-9635.

Issuance date: April 20, 2025.

The franchise seller for this offering is (check the appropriate seller):

1. Curtis Braden, Franchise Sales, at 4160 Temescal Canyon Road, Suite 112, Corona, CA 92883;

2. _____.

We authorize the respective state agencies identified on Exhibit A to receive service of process for us in the particular state.

I received a Disclosure Document dated April 20, 2025, from UG Franchise Operations, LLC that included the following Exhibits:

- List of State Administrators/Agents for Service of Process
- Franchise Agreement and Exhibits
- Development Rights Rider to Franchise Agreement
- List of Current and Former Franchisees
- Site Selection Addendum
- ADA Certification Form
- Statement of Prospective Franchisee
- Financial Statements

- Transfer and Release Agreement
- Equipment Package Purchase Order Terms
- State Specific Addenda
- SBA Addendum
- Management Services Agreement
- Table of Contents to Operations Manual

Date	Prospective Franchisee
(Sign, Date and Keep Return this Copy to Us)	Authorized Signature

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