

## FRANCHISE DISCLOSURE DOCUMENT



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

**Total Initial Investment:** The total investment necessary to begin operation of a Franchised Gym ranges from \$398,550 to \$954,100 unless you are a conversion franchisee. This includes from ~~\$187,050~~ \$189,550 to \$240,600 that must be paid to us or our affiliates before your Franchised Gym opens for business.

If you qualify as a conversion franchisee, the total investment necessary to begin operation of a Franchised Gym ranges from \$236,550 to \$539,100. This includes from ~~\$152,050~~ \$154,550 to \$215,600 that must be paid to us or our affiliates before you may reopen your remodeled fitness facility as a Franchised Gym subject to the assumptions in Item 5. We reduce the Initial Franchise Fee payable by a conversion franchisee by 50%.

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

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

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://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: December 8, 2025

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-state dispute resolution.** The Franchise Agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Texas. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. If you do not operate in Texas, it may also cost more to mediate, arbitrate, or litigate with us than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
5. ~~**Unregistered Trademark.** One of the primary trademarks that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.~~
65. **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.
76. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
87. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its

affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

8. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.
9. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

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.

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## LITIGATION

No litigation is required to be disclosed in this Item.

## ITEM 4

## BANKRUPTCY

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

## ITEM 5

## INITIAL FEES

### **Initial Franchise Fee – Start-Up Franchisee.**

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

If we mutually agree to enter into a second or additional Franchise Agreement for another THE YARD GYM franchise, we extend a progressive 5% discount off of the then-current Initial Franchise Fee that we are charging new THE YARD GYM franchisees in the United States buying their first franchise up to a maximum 20% discount, as shown in the following chart.

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

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

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

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

### **Initial Franchise Fee – Conversion Franchisee.**

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

### **Initial Equipment Package**

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

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

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

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

	<b>2,000 sq. ft.</b>	<b>4,400 sq. ft.</b>	<b>Comments</b>
Startup Franchisee (assumes Approved Location is a standard configuration)	\$112,500	\$122,500	\$122,500 includes cost of additional flooring for standard configuration Gym and 6 “cells.” The low range of \$112,500 is based on smaller size Gym and 5 “cells.”
Conversion Franchisee	\$112,500	\$122,500	Assumes conversion franchisee buys cardio equipment.

	2,000 sq. ft.	4,400 sq. ft.	Comments
Conversion Franchisee (already owns cardio equipment in good working order meeting minimum standards)	\$102,500	\$112,500	Assumes no need to purchase cardio equipment.
Each additional “cell” consisting of 2 squat racks with barbells, benches, weights, and accessories	N/A	\$8,500	Depends on whether your Gym has room to accommodate additional “cells.”
Additional branded flooring (initial equipment package includes flooring for up to 2,900 sq. ft. based on a standard configuration Gym with squared walls and no structural impediments).	\$5,000	\$10,000	Assumes Gym is either a non-standard configuration or larger than 2,900 sq. ft.

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

### **Branded Retail Merchandise**

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

### **Interior Signs**

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

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

### **Grand Opening Launch Fee and Ad Spend Fee**

After you sign the lease and Addendum to Lease for your Franchised Gym, we will design a “launch campaign” for your Franchised Gym covering various marketing services that we will deliver during the initial launch period, which is the period until your Franchised Gym is ready to open for business, *i.e.*, until its Opening Date. We determine the length of each franchisee’s launch campaign based on our estimate of the time that it should take a franchisee to complete construction and build-out, installation of the Initial Equipment Pack, initial staff hiring, and other tasks to ready their Franchised Gym for operation. Each franchisee’s launch campaign will be a minimum of 8 weeks and a maximum of 16 weeks, for which we (i) charge a Grand Opening Launch Fee of \$7,500 to manage the franchisee’s launch campaign; and (ii) collect a separate “Ad Spend” fee of \$5,000 for every 4 weeks, which we use to purchase traditional and social media. We invoice each franchisee for the Grand Opening Launch Fee and Ad Spend Fee after they sign the lease and Addendum to Lease and before their Opening Date.

Payment of the fees that we invoice you for is due and payable in full [as a lump sum](#) within 10 days after the date of the invoice.

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

	8 Weeks – LOW	12 Weeks	16 Weeks – HIGH
Grand Opening Launch Fee	\$7,500	\$7,500	\$7,500
Ad Spend Fee	\$10,000	\$15,000	\$20,000
Total	\$17,500	\$22,500	\$27,500

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

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

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

### **Technology Fee.**

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

We collect Technology Fees from all franchisees as part of our master account and “single biller” arrangement with MBO and remit your MBO account fees to MBO on your behalf. In addition to supplying you with an MBO account, the Technology Fee covers our supplying your Franchised Gym

with a dedicated subpage on our website; 3 email addresses for your management team; access to our password-protected intranet where we post training materials; access to lead management software to help you with local marketing; and an account with Twilio, an automated text messaging service (excluding SMS credit), with which we also have a master account and “single biller” arrangement. The \$850/month Technology Fee will increase if and as MBO and Twilio increase their fees to us. We also may increase the Technology Fee on January 1 of each Calendar Year by not more than 10% over the prior year’s rate. Because you will begin paying the \$850/month Technology Fee before the Opening Date, we disclose this obligation in Item 5. Other portions of the Technology Fee are payable beginning after the Opening Date, which we disclose in Item 6. See additional disclosures in Item 6.

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

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

[Except as noted above, all fees and payments described are payable in full as a lump sum.](#)

#### **Site Approval Extension Fee.**

If you are a start-up franchisee, you must use your best efforts to diligently complete the development and construction of the Approved Location, hire and train staff members, prepare your Franchised Gym for the Opening Date, and open your Franchised Gym for business to the public within 180 days from the date that you take possession of the Approved Location after signing the lease and “Addendum to Lease,” which is a contract between you, us and the landlord of the proposed franchise premises in the form of **Exhibit D** that gives us the option to assume your lease if the Franchise Agreement expires or terminates for any reason. See Item 8. If you are unable to open the Franchised Gym on or before the Opening Date, you may extend the Opening Date by paying us a non-refundable extension fee of \$750 [as a lump sum](#), without proration, for each 30-day extension period (or portion thereof) until the actual Opening Date. We do not prorate the Opening Date extension fee if the actual extension period is less than 30 days. Our acceptance of any extension fee shall not waive Company’s right to terminate this Agreement if the delay in opening exceeds 180 days. If, despite using your best efforts, the Opening Date is delayed due to (i) unforeseeable permitting or construction delays for reasons beyond your control; (ii) delays in delivering the initial equipment package for reasons beyond your control; or (iii) an event of Force Majeure, which we define in the Franchise Agreement as events beyond your reasonable control, you will not be required to pay an extension fee to extend the Opening Date.

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

#### **Initial Franchise Fee - Refund Conditions.**

If you are a start-up franchisee, either you or we may terminate the Franchise Agreement if, within 180 days following execution of the Franchise Agreement, you have not completed all of the following steps in the development process of your Franchised Gym: (i) obtained our written approval to a site for your Franchised Gym; and (ii) provided us with an executed copy of the lease and an Addendum to Lease in the form of **Exhibit D** to this Disclosure Document. If either one of us elects to

franchisee's initial investment expense will be comparable to a start-up franchisee's initial investment expense.

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

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

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

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

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

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

NOTE 3. Real Estate.

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

Rental costs per square foot for commercial retail space vary ~~considerably~~ by geographic market (population density, demographic conditions, desirability and demand for space influence actual rent); physical size and conditions; type of retail space; the location's placement in a larger retail complex; prevailing market and economic conditions; and prior use of the space. In addition to rent, landlords also vary in their policy regarding the number of months' rent that they require as a security deposit, which will also affect your real estate expenses during the initial period. You should expect to pay at least one month rent, and could pay as many as 4 months' rent, as a security deposit. The lease may require you to pay a separate monthly common area maintenance fee in addition to rent.

NOTE 4. Initial Exercise Pack. The row “Initial Equipment Package” reflects the information in Item 5 for a standard configuration Gym. The row “Additional Fitness Equipment” reflects the cost of additional required fitness equipment like treadmills that a Franchisee must buy from a designated or approved third party supplier when the Approved Location is in an area that cannot accommodate outdoor running. The Initial Equipment Pack does not include air bikes. The category, Additional Equipment, estimates \$3,000 (excluding costs for shipping and handling, which you must pay) to purchase the air bikes that you will need from designated or approved third party suppliers. Prices are subject to change and may increase if the equipment is not ordered within 12 months of the Franchise Agreement effective date (or other date specified by Company).

Franchisees are responsible for all costs of delivery for the Initial Equipment Package and any other required fitness equipment, as well as all taxes, tariffs, duties, and similar charges applicable to the equipment. Such amounts must be paid prior to delivery or at the time of ordering, as directed by Company or its Affiliates. ~~Because we~~ We source certain equipment and components from overseas. The estimates for these items are based on anticipated tariffs, duties, freight, and related charges ~~are subject to change without notice and may vary based on market conditions and governmental actions outside of our control~~ as of the date of this Disclosure Document.

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

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

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

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

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

costs for office supplies, janitorial supplies and janitorial services; expenses for telephones, Internet connections, and ongoing utility costs; and routine equipment maintenance.

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

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

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

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

The Additional Funds category includes an allowance for payroll expenses for your opening employees and fees to instructors who work as independent contractors, but does not include an allowance for a draw or salary to you or other owners of the franchise during the period before the Opening Date or during the first 3 months of operations. The low/high estimates assume 3 trainers at 33 hours per trainer per week during the first 3 months of operation.

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

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

[Neither we nor our affiliates finance for any portion of your initial investment. You must investigate financing options on your own.](#)

Assumptions for Conversion Franchisees: The low and high estimates assume that a conversion franchisee will not have incremental (additional) payroll expenses for opening employees or fees to

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

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

### Assistance Before the Opening Date of your Franchised Gym.

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

1. We will provide you with access to our Brand Standards Manual during the term of the Franchise Agreement which contains mandatory and suggested specifications, standards and operating procedures. (Franchise Agreement, Section 8.3). We may furnish the Brand Standards Manual in written and electronic format. The Brand Standards Manual is confidential and remains our property. Our System does not include any personnel policies or procedures or security-related policies or procedures that we (at our option) may make available to you in the Brand Standards Manual or otherwise for your optional use. You will determine to what extent, if any, these policies and procedures might apply to your operations at your Franchised Gym. 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 your employees, contractors or customers. You will agree in your Franchise Agreement that we are not joint employers of your employees and other personnel. We do not and will not share or codetermine any of your employees' essential terms and conditions of employment. More specifically, in no case do we have any authority to determine or set your employees': (1) wages, benefits, and other compensation; (2) hours of work and scheduling; (3) the assignment of duties to be performed; (4) the supervision of the performance of duties; (5) work rules and directions governing the manner, means, and methods of the performance of duties and the grounds for discipline; (6) the tenure of employment, including hiring and discharge; and/or (7) working conditions related to the safety and health of employees. You alone have sole authority to determine any or all your employees' essential terms and conditions of employment. When your Franchise Agreement expires or terminates, you must return your copy of any portion of the Brand Standards Manual that we furnish to you in written format and permanently remove any electronic content from your computer systems following our instructions. We may modify the Brand Standards Manual as frequently as we determine is necessary by written or electronic supplements and will promptly share all updates with you. We attach as **Exhibit H** the table of contents of our current version of the Brand Standards Manual indicating the approximate number of pages devoted to each subject and total number of pages in the Brand Standards Manual ([24 pages](#)).

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

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

4. We will review your written site package that proposes a site that you would like us to approve as the "Approved Location" for your Franchised Gym. Your site proposal must include a letter of intent or comparable agreement with the landlord of the site indicating that the landlord is willing to enter into a lease and our Addendum to Lease in the form of **Exhibit D**. (Franchise Agreement, Section 4.2). While we may suggest possible sites for your Franchised Gym or recommend a local real

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

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

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

## ITEM 12

### TERRITORY

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

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

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

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

The Franchise Agreement permits you to engage only in retail transactions of authorized goods and services at the Approved Location and not at other locations in or outside of your Territory or

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

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

The franchise rights do not give you the exclusive or preferential right to use the Licensed Marks or the System in the trade area where you do business and do not in any way limit our use of the Licensed Marks or the System anywhere or for any purpose. We do not limit other licensees of ours from engaging in advertising activities outside of their Territory and do not promise that they will not engage in activities soliciting clients who reside or work in your Territory. For example, social media and digital advertising by other licensees in neighboring territories may be visible to consumers in your Territory.

### **Our Reserved Rights.**

Your Territory excludes the following types of properties existing now, or in the future, in your Territory [regardless of whether you are a start-up franchisee or a conversion franchisee](#):

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

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

In addition to the exclusions from your Territory, we reserve the right to engage in the following activities in your Territory directly or through an Affiliate [regardless of whether you are a start-up franchisee or a conversion franchisee](#):

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

(b) Offer for sale and sell Designated Goods/Services through any method or channel of distribution now existing or developed after the Effective Date without prior notice or

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

(c) Acquire, merge with, or be acquired by, any person or entity that owns, operates, licenses, or franchises one or more fitness, wellness, or related brands or systems; and/or (ii) acquire, own, operate, license, franchise, develop, market, or sell one or more fitness, wellness, or related brands or systems (each, an “Affiliated Competitive Business”). The ownership, operation, licensing, franchising, development, marketing, or sale of any Affiliated Competitive Business (including the continued operation of existing Affiliated Competitive Business within the Territory and the opening of new Affiliated Competitive Businesses outside the Territory) shall not: (a) constitute a breach of this Agreement; (b) violate Franchisee’s Territory; or (c) be deemed a default by Company, provided such Affiliated Competitive Business in the Territory does not use the Licensed Marks.

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. [This is true regardless of whether you are a start-up franchisee or a conversion franchisee](#)

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

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

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

The Brand Standards Manual identifies the authorized pre-recorded group fitness classes that you must advertise and run at your Franchised Gym to meet the Minimum Performance Requirement. We continually revise the pre-recorded classes and forbid you from running any other group or other types of fitness classes at your Franchised Gym except with our prior written approval. Your failure to comply with the Minimum Performance Requirement after the Opening Date for (i) 5 or more days during any month when your Franchised Gym is scheduled to be open for business; (ii) any 2 consecutive months; or (iii) any 3 months during any consecutive 6 month period is grounds permitting us to terminate the Franchise Agreement without providing you with a cure opportunity.

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

Neither we nor our affiliates currently operate or plan to operate or franchise businesses under a different trademark that will sell goods or services that are the same as or similar to those you will sell in your Franchised Gym.

### ITEM 13

#### TRADEMARKS

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

The Licensed Marks include the word marks “The Yard Gym” and “Yard Nation,” and the design represented on the first page of this disclosure document. We consider these Licensed Marks to be our principal trademarks. Our TYG Affiliate has registered or applied for certain of our principal trademarks with the United States Patent and Trademark Office (“USPTO”) as follows as of the Issuance Date of this Disclosure Document.

<b>Trademark</b>	<b>Registration Number (Application Number)</b>	<b>Registration Date (Application Date)</b>
THE YARD GYM	7726228	March 18, 2025

~~- We do not yet have a registration for one of our principal trademarks “Yard Nation”. Therefore, that principal trademark does not have as many legal benefits and rights as a federally registered trademark. If your right to use that trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.~~

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

As we disclose in Item 1, as of the Issuance Date of this Disclosure Document, our TYG Affiliate owns all of the intellectual property associated with THE YARD GYM. Our TYG Affiliate owns an International Registration for THE YARD (IR Reg. No. 1707963) and THE YARD GYM (IR Reg. No. 1773732) for fitness services, and has granted us a world-wide, non-exclusive, perpetual license of their right, title and interest in the Licensed Marks for the purpose offering sublicenses to THE YARD GYM franchisees in the United States. Neither our agreement with our TYG Affiliate nor any other agreement significantly limits our right to use or right to license the use of all of the elements and features of the System, including Company’s Intellectual Property and the Licensed Marks, in any manner material to the franchise. Our agreement with our TYG Affiliate provides that if our license with

Provision	Section in Franchise Agreement	Summary
		Any representations or promises outside of this Disclosure Document and other agreements may not be enforceable.
U. Dispute resolution by arbitration or mediation	20.1	With limited exceptions pertaining to claims for (i) damages under \$10,000; (ii) injunctive relief or other forms of provisional remedies; or (iii) unlawful detainer or similar remedy available to a landlord, all disputes arising out of the Franchise Agreement must first be submitted to private negotiation and then mediation in Dallas, Texas. If private negotiation or mediation do not resolve the dispute, the matter must be resolved in arbitration in Dallas, Texas.  Certain states have laws that may require that mediation or arbitration be conducted in the franchisee's home state. See the State Addendum, <b>Exhibit I</b> .
V. Choice of forum	20.3	The Franchise Agreement has a forum selection provision which requires that any dispute be submitted to mediation and then to arbitration in Dallas, Texas, <a href="#">subject to applicable state law</a> .  Certain states have laws that supersede the choice of forum in the Franchise Agreement and require that a lawsuit be brought in the state or federal courts in the franchisee's home state. See the State Addendum, <b>Exhibit I</b> .
W. Choice of law	20.6 22.6	Texas law applies, <a href="#">subject to applicable state law</a> . Certain states have laws that supersede the choice of law provision in the Franchise Agreement. See the State Addendum, <b>Exhibit I</b> .

## ITEM 18

### PUBLIC FIGURES

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

## ITEM 19

### FINANCIAL PERFORMANCE REPRESENTATIONS

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

**ANALYSIS OF HISTORICAL GROSS REVENUES FOR ALL FRANCHISED GYMS THAT WERE OPEN AND OPERATING DURING THE ENTIRE 12 MONTH PERIODS FROM OCTOBER 1, 2023 TO SEPTEMBER 20, 2024 AND FROM OCTOBER 1, 2024 TO SEPTEMBER 20, 2025**

This analysis contains historical average Gross Revenues from the two existing Franchised Gyms that were open and operating during the entire 12 month periods from October 1, 2023 to September 30, 2024 and from October 1, 2024 to September 30, 2025. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

As of the last two 12 month periods ended September 30, 2024 and September 30, 2025, there were 2 Franchised Gyms open and operating in the United States for each of the full 12-month periods, specifically in San Diego, California. Both of these Franchised Gyms are generally representative of the prototype Franchised Gyms currently under development and are included in the Gross Revenues statements below, but may operate under different agreed terms than contained in our current form of Franchise Agreement that you will sign.

This analysis excludes (1) 8 Franchised Gym locations that were opened during our 2024/2025 fiscal year and were not open for at least an entire 12 month periods as of September 30, 2024 or September 30, 2025, and (2) all Franchised Gym locations that are outside the United States.

The information in the table is derived from our franchisee’s sales reports, and is unaudited and unverified.

Gross Revenue of US Reporting Franchised Gyms in Measurement Period					
From October 1, 2024 to September 30, 2025					
US Reporting Franchised Gym	Location	Opening Date	Time Open (as of September 30, 2025)	Total Gross Revenue (USD)	Average Gross Revenue – Monthly (USD)
Franchise 1	San Diego, California	Jan 28, 2023	2 Years, 8 Months	\$781,220.00	\$65,101.67
Franchise 2	San Diego, California	July 15, 2023	1 Year, <u>4</u> Months	\$697,773.00	\$58,147.75
The median Total Gross Revenue of the two of the two Franchised Gyms was \$387,947.50. The median Average Gross Revenue – Monthly of the two Franchised Gyms was \$61,624.71.					
Gross Revenue of US Reporting Franchised Gyms in Measurement Period					
From October 1, 2023 to September 30, 2024					
US Reporting Franchised Gym	Location	Opening Date	Time Open (as of September 30, 2024)	Total Gross Revenue (USD)	Average Gross Revenue - Monthly (USD)
Franchise 1	San Diego, California	Jan 28, 2023	1 Year, 8 Months	\$786,761.04	\$65,563.42
Franchise 2	San Diego, California	July 15, 2023	1 Year, <u>4</u> Months	583,420.09	\$48,618.34
The median Total Gross Revenue of the two of the two Franchised Gyms was \$685,090.56. The median Average Gross Revenue – Monthly of the two Franchised Gyms was \$57,090.88.					
(1) The term "Gross Revenue" has the same meaning given to it in the Franchise Agreement, where it is defined as “the aggregate of all revenue and income from the operation of the Franchised Gym, whether					

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

**Some Franchised Gyms have achieved the sales and cost results in this analysis. Your individual results may differ. There is no assurance that you will achieve sales or cost results at the levels reflected in this analysis.**

~~Except as stated above, we do~~Other than the preceding financial performance representation, TYG Enterprises, LLC does not make any ~~representations about a franchisee's future~~ financial performance ~~or the past financial performance of company-owned or franchised outlets~~representations. We also do not authorize our employees or representatives to make any financial performance representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting us at 1/2 Cawarra Road, Caringbah, Sydney, NSW 2229, Australia, franchise@theyardgym.com.au, attention Dan Bova, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20

TABLE 5 Projected New Franchised Outlets			
State	Franchise Agreements Signed But Outlet Not Opened as of June 30, 2025	Projected New Franchised Outlets Opening in Year ending June 30, 2025	Projected New Company – Owned Outlets Opening In Year ending June 30, 2025
Alabama	1	1	0
Arizona	2	1	0
Arkansas	1	1	1
California	17	5	0
Colorado	4	1	0
Florida	1	1	0
Georgia	2	1	0
Hawaii	4	1	0
Maryland	1	1	0
Michigan	3	1	0
Mississippi	1	1	0
New Jersey	1	1	0
New York	1	1	0
South Carolina	1	1	0
Tennessee	1	1	0
Texas	11	3	0
Utah	1	1	0
Washington	2	1	0
Total	55	<del>5</del> 24	<del>2</del> 1

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

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

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

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

**EXHIBIT A**

**STATE ADMINISTRATORS**

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

<p><b>California</b>          Commissioner of Financial Protection and Innovation          Department of Financial Protection and Innovation          320 W. 4th Street, Suite 750          Los Angeles, California 90013-2344          (213) 576-7500          1 (866) 275-2677          Website: <a href="http://www.dfpi.ca.gov/">http://www.dfpi.ca.gov/</a>          Email: Ask.DFPI@dfpi.ca.gov</p>	<p><b>Connecticut</b>          The Banking Commissioner          The Department of Banking, Securities and Business          Investment Division          260 Constitution Plaza          Hartford, CT 06103-1800          (860) 240-8299</p>
<p><b>Hawaii</b>          Hawaii Commissioner of Securities          Department of Commerce &amp; Consumer Affairs          Business Registration Division          State of Hawaii          335 Merchant Street, Room 203          Honolulu, Hawaii 96813          (808) 586-2744</p>	<p><b>Illinois</b>          Franchise Bureau          Illinois Attorney General          500 South Second Street          Springfield, Illinois 62706          (217) 782-4465</p>
<p><b>Indiana</b>          Franchise Section          Indiana Securities Division          Room E-111          302 West Washington Street          Indianapolis, Indiana 46204          (317) 232-6681</p>	<p><b>Maryland</b>          Office of the Attorney General          Securities Division          200 St. Paul Place          Baltimore, Maryland 21202          (410) 576-6360</p>
<p><b>Michigan</b>          Michigan Department of Commerce          Corporation &amp; Securities Bureau          Attn: Franchise Section          G. Mennen Williams Building, 1<sup>st</sup> Floor          525 West Ottawa Street          Lansing, Michigan 48933          (517) 373-7117</p>	<p><b>Minnesota</b>          Minnesota Department of Commerce          Franchise Section          85 7th Place East, Suite 280          St. Paul, Minnesota 55101-2198          (651) 539-1600</p>
<p><b>New York</b>          Investor Protection Bureau          NYS Department of Law          28 Liberty Street, 21<sup>st</sup> Floor          New York, New York 10005          (212) 416-8222</p>	<p><b>North Dakota</b>          North Dakota <a href="#">Insurance &amp; Securities Department</a>  <del>State of North Dakota</del>          600 East Boulevard Avenue, <del>Fifth Floor</del>          Bismarck, North Dakota 58505-0510  <del>(701) 328-4712</del> <a href="tel:701-328-2910">Phone 701-328-2910</a></p>

<p><b>Oregon</b>  Department of Consumer &amp; Business Services  Division of Finance &amp; Corporate Securities  State of Oregon  Labor and Industries Building  Salem, Oregon 97310  (503) 378-4140</p>	<p><b>Rhode Island</b>  Division of Securities  John O. Pastore Complex Bldg. 69-1  1511 Pontiac Avenue  Cranston, Rhode Island 02920  (401) 222-3048</p>
<p><b>South Dakota</b>  Division of Insurance  Securities Regulation  State of South Dakota  124 S. Euclid, Suite 104  Pierre, South Dakota 57501  (605) 773-3563</p>	<p><b>Virginia</b>  State Corporation Commission  Division of Securities and Retail Franchising  1300 East Main Street, 9th floor  Richmond, Virginia 23219  (804) 371-9051</p>
<p><b>Washington</b>  <del>Department</del> <a href="#">Washington Dept.</a> of Financial Institutions  Securities Division  <del>P.O. PO</del> <a href="#">Box 176841200</a>  <del>Madison, Wisconsin 53701 or</del>  <del>201 W. Washington, Suite 300</del>  <del>Madison, Wisconsin 53703</del>  <del>(608) 266-8559</del> <a href="#">Olympia, WA 98504-1200</a></p>	<p><b>Wisconsin</b>  Division of Securities  Department of Financial Institutions  Wisconsin Commissioner of Securities  4822 Madison Yards Way, North Tower  Madison, Wisconsin 53705  (608) 266-8559</p>

**EXHIBIT B**

**AGENTS FOR SERVICE OF PROCESS**

<b>California</b>	<b>Connecticut</b>
Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 or (866) 275-2677 Website: <a href="http://www.dfpi.ca.gov/">http://www.dfpi.ca.gov/</a> Email: Ask.DFPI@dfpi.ca.gov	The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800
<b>Hawaii</b>	<b>Illinois</b>
Hawaii Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division State of Hawaii 335 Merchant Street, Room 203 Honolulu, Hawaii 96813	Office of Attorney General State of Illinois 500 South Second Street Springfield, Illinois 62706
<b>Indiana</b>	<b>Maryland</b>
Secretary of State State of Indiana 201 State House 200 West Washington Street Indianapolis, Indiana 46204	Maryland Securities Commissioner Office of the Attorney General Securities Division 200 Saint Paul Place Baltimore, Maryland 21202-2020
<b>Michigan</b>	<b>Minnesota</b>
Michigan Department of Commerce Corporation & Securities Bureau G. Mennen Williams Building, 1 <sup>st</sup> Floor 525 West Ottawa Street Lansing, Michigan 48933	Commissioner of Commerce Minnesota Department of Commerce Franchise Section 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101-2198
<b>New York</b>	<b>North Dakota</b>
Secretary of State 99 Washington Ave Albany, New York 12231	<del>North Dakota Securities</del> <a href="#">Insurance</a> Commissioner North Dakota <a href="#">Insurance &amp;</a> Securities Department <del>Fifth Floor</del> 600 East Boulevard Avenue Bismarck, North Dakota 58505-0510 <a href="tel:701-328-2910">Phone 701-328-2910</a>
<b>Rhode Island</b>	<b>South Dakota</b>

## NORTH DAKOTA ADDENDUM TO FDD

~~1. Items 6 and 17(i) of this disclosure document are amended to reflect that all liquidated damages provisions in the Development Agreement and Franchise Agreement are deleted in their entirety.~~

The State of North Dakota has determined that requiring franchisees to sign a general release upon renewal of a franchise agreement to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement that a franchisee sign a general release as a condition of renewing the franchise agreement is deleted.

The State of North Dakota has determined that parties agreeing to arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business to be unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation will be agreeable to all parties and may not be remote from the franchisee's place of business.

~~2. Item 17(r) of this disclosure document is amended to reflect that covenants not to compete such as those contained in the Development Agreement and Franchise Agreement are generally considered unenforceable in the~~The State of North Dakota-

has determined ~~3. Item 17(v) of this disclosure document is amended to reflect that the jury trial waiver provisions in the Development Agreement and~~that requiring franchisees to consent to the jurisdiction of courts outside of North Dakota to be unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement in the Franchise Disclosure Document, Franchise Agreement~~are,~~ and Supplemental Agreements that a franchisee consent to the jurisdiction of courts outside North Dakota is ~~deleted in their entirety.~~

~~4. Item 17(w) of this disclosure document is amended to reflect that the choice of law provisions in the Development Agreement and Franchise Agreement may not be enforceable in the State of North Dakota.~~

The State of North Dakota has determined that requiring a franchisee to consent to a limitation of claims to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The limitation of claims period is governed by North Dakota law.

The State of North Dakota has determined that requiring franchisees to consent to a waiver of exemplary and punitive damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement in the Franchise Disclosure Document, Franchise Agreement, and Supplemental Agreements that a franchisee consent to a waiver of exemplary and punitive damages is deleted.

The State of North Dakota requires us to defer payment of the initial franchise fee and other initial payments owed by you to us until such time as all initial obligations owed to you under the franchise agreement or other documents have been fulfilled by us and you have commenced doing business pursuant to the franchise agreement.

## SOUTH DAKOTA ADDENDUM TO FDD

A franchisee must be a business entity. All persons who own 5% or more of the equity or voting rights in the franchisee business entity and their spouses (if applicable) must execute personal guarantees. This requirement places the personal and marital assets of the franchise owner(s) at risk.

The following information is required by South Dakota's Franchises for Brand-Name Goods and Services Law (S.D. Codified Laws §37-5B (2008)) ("South Dakota Law") and supplements the information in this Disclosure Document:

1. Item 5 is supplemented by the addition of the following language immediately at the end of the Item:

The Securities Regulation Office requires us to defer payment of the initial franchise fee and other initial payments owed by Franchisee to us until we have completed our preopening obligations under the Franchise Agreement.

~~12.~~ Item 17 is supplemented by the addition of the following language immediately after the table:

Despite anything to the contrary in the table, the law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota. Any non-binding mediation will be conducted at a mutually agreed upon site. You are not required to submit to venue or a forum outside the State of South Dakota for any claims you may have under the South Dakota Franchises for Brand-Name Goods and Services Law (S.D. Codified Laws §37-5B (2008)).

~~23.~~ This Addendum is effective only to the extent that the jurisdictional requirements of the South Dakota Law are met independent of and without reference to this Addendum. This Addendum will have no effect if the jurisdictional requirements of the South Dakota Law are not met.

now or hereafter uses to identify, advertise or promote Network Gyms generally or individual Network Gym and expressly authorizes or requires Franchisee to use as a condition of this Agreement.

1.51 “Local Marketing” means, without limitation, all communications in all formats which Franchisee creates or adapts and intends to use, directly or indirectly, to advertise and promote the Franchised Gym, Franchisee’s status as an authorized franchisee, or which display the Licensed Marks. Local Marketing includes, without limitation: (i) written, printed and electronic communications; (ii) communications sent by e-mail or equivalent electronic technology; (iii) communications by means of a recorded telephone message, spoken on radio, television or similar communication media; (iv) promotional items or promotional or publicity events designed to increase public awareness of the Franchised Gym, the Licensed Marks or Network Gyms, generally including fitness classes featuring a master instructor well known in the fitness industry; (v) listings in approved telephone or business directories; (vi) the use of the Licensed Marks on stationery, business cards, order forms, signs, merchandise, brochures, flyers, any type of outdoor advertising, point-of-sale materials, uniforms, or other tangible personal property; and (vii) Franchisee’s use of the Licensed Marks on the Internet to promote the Franchised Gym, including content that Franchisee on the Franchised Gym Subpage or any third-party websites.

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

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

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

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

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

1.57 “Non-Competition Agreement” refers to the portions of **Schedule C** applicable to Covered Persons.

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

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

1.60 “Opening Date” is the date on which the Franchised Gym actually opens for business to the public by offering classes to members of the public. “Primary Owner” refers to any person who owns either legally or beneficially at least 20% or more of the outstanding equity or voting interests of a Franchisee and whom Franchisee

Agreement does not impose any controls, or otherwise impinge, on Franchisee's sole discretion to make decisions pertaining to its personnel, independent contractors and other agents. Franchisee is solely responsible for determining the appropriate classification of its instructors and others whom it hires or retains to work at the Franchised Gym in accordance with Applicable Laws.

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

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

11.13 Non-Compliance Fees.

(a) The Brand Standards Manual identifies certain duties where Franchisee's failure to perform the duty may result in Company assessing a Non-Compliance Fee of up to \$2,000 per infraction unless Franchisee cures the deficiency by a specified deadline ("**Citation Deadline**"). Company will give Franchisee written notice of the Non-Compliance Fee that will be assessed if the cited deficiency is not timely cured, specifying in its notice sufficient details about the deficiency, any special conditions for completing the cure, and the Citation Deadline. The length of the cure period and the Citation Deadline set by Company will be commercially reasonable in light of the nature of the underlying deficiency but shall require that Franchisee give its immediate and continued attention to correcting the problem. The goal of Non-Compliance Fees is to provide Franchisee with an incentive to maintain best practices at all times in performing its duties under this Agreement. Examples of duties that may trigger the assessment of a Non-Compliance Fee include the failure to comply with minimum standards for cleanliness, health or safety; infractions of Company's brand standards or customer service standards; failure to present Local Marketing for approval before use; and performance deficiencies identified through an inspection, mystery shopper report, client, or third-party complaint.

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

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

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

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

11.15 Network-Wide Credit Cards; Gift Card and Other Marketing Programs. Franchisee shall honor all credit cards designated by Company and enter into and maintain, at Franchisee's sole expense, all necessary credit card agreements with the issuers of designated cards. Franchisee agrees to participate in any future network-wide

**ADDENDUM TO FRANCHISE AGREEMENT  
FOR THE STATE OF NORTH DAKOTA**

This **ADDENDUM TO FRANCHISE AGREEMENT** (“**Addendum**”) is made and entered into on the date set out in **Section 1** of the **Commercial Addendum** by and between **TYG ENTERPRISES, LLC** (“**Company**”, “**we**”, “**our**” or “**us**”) and the party named in **Section 2** of the **Commercial Addendum** (“**Franchisee**”), subject to the following recitals:

**NORTH DAKOTA LAW MODIFICATIONS**

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1993). To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. ~~If Franchisee is required in the Franchise Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate North Dakota Law, or a rule or order under North Dakota Law, such release will exclude claims arising under North Dakota Law, and such acknowledgments will be void with respect to claims under the Law.~~
- a. The State of North Dakota has determined that requiring franchisees to sign a general release upon renewal of a franchise agreement to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement that a franchisee sign a general release as a condition of renewing the franchise agreement is deleted.
- b. ~~Covenants not to compete during the term of and upon termination or expiration of the Franchise Agreement are enforceable only under certain conditions according to North Dakota Law. If the Franchise Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.~~ The State of North Dakota has determined that parties agreeing to arbitration or mediation of disputes at a location that is remote from the site of the franchisee’s business to be unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation will be agreeable to all parties and may not be remote from the franchisee’s place of business.
- c. ~~If the Franchise Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the has determined that requiring is void with respect to claims under North Dakota Law.~~ franchisees to consent to the jurisdiction of courts outside of North Dakota to be unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement in the Franchise Disclosure Document, Franchise Agreement, and Supplemental Agreements that a franchisee consent to the jurisdiction of courts outside North Dakota is deleted.
- d. ~~If the Franchise Agreement requires that it be governed by a state’s law, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, has determined that requiring a franchisee to consent to a limitation of claims to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The limitation of claims period is governed by North Dakota Law will control.~~
- e. ~~If the Franchise Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under North Dakota Law. Arbitration involving a franchise purchased in the State of North Dakota~~

~~must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.~~

e. The State of North Dakota has determined that requiring franchisees to consent to a waiver of exemplary and punitive damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement in the Franchise Disclosure Document, Franchise Agreement, and Supplemental Agreements that a franchisee consent to a waiver of exemplary and punitive damages is deleted.

~~f. Section 20.5 of the Franchise Agreement entitled "Jury Trial Waiver" is deleted in its entirety.~~

f. The State of North Dakota requires us to defer payment of the initial franchise fee and other initial payments owed by you to us until such time as all initial obligations owed to you under the franchise agreement or other documents have been fulfilled by us and you have commenced doing business pursuant to the franchise agreement.

~~g. Section 20.8 of the Franchise Agreement entitled "Liquidated Damages" is deleted in its entirety.~~

2. 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.

3. Each provision of this Addendum will be effective only to the extent that the jurisdictional requirements of North Dakota Law, with respect to each such provision, are met independent of this Addendum. This Addendum will have no force or effect if such jurisdictional requirements are not met.

4. As to any state law described in this Addendum that declares void or unenforceable any provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that Franchisee have initiated.

IN WITNESS WHEREOF, the parties have executed this Addendum on the date first above written.

**COMPANY:**

**TYG ENTERPRISES, LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_

Name: Daniel Bova

Title: Chief Executive Officer

**FRANCHISEE:**

The party named in **Section 2** of the **Commercial Addendum**

By: \_\_\_\_\_

Name: [Guarantor 1 Name]

Title: [Guarantor 1 Role]

By: \_\_\_\_\_

Name: [Guarantor 2 Name]

Title: [Guarantor 2 Role]

**ADDENDUM TO FRANCHISE AGREEMENT  
FOR THE STATE OF SOUTH DAKOTA**

This **ADDENDUM TO FRANCHISE AGREEMENT** (“**Addendum**”) is made and entered into on the date set out in **Section 1** of the **Commercial Addendum** by and between **TYG ENTERPRISES, LLC** (“**Company**”, “**we**”, “**our**” or “**us**”) and the party named in **Section 2** of the **Commercial Addendum** (“**Franchisee**”), subject to the following recitals:

**RECITALS**

A. Franchisee is a resident of the state of South Dakota or a non-resident who is acquiring a THE YARD GYM fitness facility franchise for a location or territory in the state of South Dakota.

B. The parties enter into this Addendum simultaneous with their execution of that certain Franchise Agreement of even date. The purpose of this Addendum is to amend the Franchise Agreement in order to conform the Franchise Agreement to the requirements of South Dakota’s Franchises for Brand-Name Goods and Services Law (S.D. Codified Laws §37-5B (2008)) (“South Dakota Law”).

C. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated and made part of this Addendum.

2. The parties acknowledge and agree that:

a. Notwithstanding anything to the contrary in the Franchise Agreement, the law regarding franchise registration, employment, covenants not to compete, and other matters of local concern shall be governed by the laws of the State of South Dakota.

b. You are not required to submit to a venue or forum outside of the State of South Dakota for any claims that you may have against us under the South Dakota Law.

[c. The Securities Regulation Office requires us to defer payment of the initial franchise fee and other initial payments owed by Franchisee to us until we have completed our preopening obligations under the Franchise Agreement.](#)

3. With respect to any provision contained in (a) the Franchise Agreement; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the South Dakota Law, the provision will be deleted and will be of no force or effect.

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

5. This Addendum is effective only to the extent that the jurisdictional requirements of the South Dakota Law are met independent of and without reference to this Addendum. This Addendum will have no

~~ADDENDUM TO FRANCHISE AGREEMENT  
FOR THE STATE OF WASHINGTON~~

Washington Addendum to the Franchise Agreement, and All Related Agreements

This ~~ADDENDUM TO FRANCHISE AGREEMENT~~Washington Addendum to the Franchise Agreement, and All Related Agreements (“Addendum”) is made and entered into on the date set out in Section 1 of the Commercial Addendum by and between TYG ENTERPRISES, LLC (“Company”, “we”, “our” or “us”) and the party named in Section 2 of the Commercial Addendum (“Franchisee”), subject to the following recitals:

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.