

## FRANCHISE DISCLOSURE DOCUMENT



9ROUND FRANCHISING, LLC  
A South Carolina limited liability company  
847 NE Main Street  
Simpsonville, South Carolina 29681  
FDD@9Round.com  
Direct Line: (864) 962-4600  
www.9Round.com  
facebook.com/9roundofficial  
instagram.com/9roundofficial  
[twitter.com/9round](https://twitter.com/9round)  
[youtube.com/9roundtv](https://youtube.com/9roundtv)  
[linkedin.com/company/9-round-boxing-kickboxingfitness](https://linkedin.com/company/9-round-boxing-kickboxingfitness)

You will operate a fitness center that offers instructional staffed and unstaffed services for twenty-four (24) hours a day throughout the year, subject to legal requirements, featuring a specialized program that is developed around a system of nine (9) challenging circuit training stations, that incorporates boxing and kickboxing exercises, and that includes personal trainer assistance and nutrition services.

The total investment necessary to begin operation of a new 9ROUND® unit offering is ~~\$130,549.00~~ \$149,449 to ~~\$390,416,300.00~~. This includes ~~\$40,500.00~~ \$44,750 to ~~\$66,400.00~~ \$56,250 that must be paid to the franchisor or an affiliate.

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.**

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

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: Shannon Hudson, 847 NE Main Street, Simpsonville, South Carolina 29681, (864) 962-4600.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-help or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](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: April ~~30, 2024~~ 15, 2025

### How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only 9Round business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a 9Round franchisee?</b>	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

## Some States Require Registration

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

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

### Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation or litigation only in South Carolina. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in South Carolina than in your own state.
2. **Mandatory Minimum Payments.** You must make mandatory minimum royalty payments or advertising contributions regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has no ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.

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.

**NOTICE REQUIRED BY  
STATE OF MICHIGAN**

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

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

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

- (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

**The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**

Any questions regarding this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Franchise Section, 525 W. Ottawa Street, G. Mennen Williams Building, 1<sup>st</sup> Floor, Lansing, Michigan 48913, telephone (517) 373-7117.

**THIS MICHIGAN NOTICE ONLY APPLIES TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

## TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES .	1
ITEM 2 BUSINESS EXPERIENCE .....	4
ITEM 3 LITIGATION .....	6
ITEM 4 BANKRUPTCY .....	7
ITEM 5 INITIAL FEES .....	8
ITEM 6 OTHER FEES .....	10
ITEM 7 ESTIMATED INITIAL INVESTMENT .....	16
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES .....	21
ITEM 9 FRANCHISEE'S OBLIGATIONS .....	24
ITEM 10 FINANCING .....	26
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING .....	27
ITEM 12 TERRITORY .....	34
ITEM 13 TRADEMARKS .....	37
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION .....	39
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS .....	40
ITEM 16 RESTRICTIONS ON LOCATION AND WHAT THE FRANCHISEE MAY SELL	41
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION .....	42
ITEM 18 PUBLIC FIGURES .....	47
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS .....	48
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION .....	53
ITEM 21 FINANCIAL STATEMENTS .....	62
ITEM 22 CONTRACTS .....	63
ITEM 23 RECEIPTS .....	64
ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES .	1
ITEM 2 BUSINESS EXPERIENCE .....	4
ITEM 3 LITIGATION .....	5
ITEM 4 BANKRUPTCY .....	6
ITEM 5 INITIAL FEES .....	7
ITEM 6 OTHER FEES .....	9
ITEM 7 ESTIMATED INITIAL INVESTMENT .....	14
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES .....	20
ITEM 9 FRANCHISEE'S OBLIGATIONS .....	26
ITEM 10 FINANCING .....	28
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING .....	29
ITEM 12 TERRITORY .....	37
ITEM 13 TRADEMARKS .....	40
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION .....	42

<u>ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE</u>	
<u>FRANCHISE BUSINESS .....</u>	<u>39</u>
<u>ITEM 16 RESTRICTIONS ON LOCATION AND WHAT THE FRANCHISEE MAY SELL</u>	<u>40</u>
<u>ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....</u>	<u>45</u>
<u>ITEM 18 PUBLIC FIGURES.....</u>	<u>47</u>
<u>ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS .....</u>	<u>52</u>
<u>ITEM 20 OUTLETS AND FRANCHISEE INFORMATION.....</u>	<u>49</u>
<u>ITEM 21 FINANCIAL STATEMENTS .....</u>	<u>58</u>
<u>ITEM 22 CONTRACTS .....</u>	<u>59</u>
<u>ITEM 23 RECEIPTS .....</u>	<u>69</u>

## STATE APPENDIX

### EXHIBITS

- EXHIBIT A – List of State Administrators and List of Agents for Service of Process
- EXHIBIT B – Financial Statements
- EXHIBIT C – Franchise Agreement, Sample Renewal Addendum, and State-Specific Addenda
- EXHIBIT D – Current and Former Franchisee List
- EXHIBIT E – Operating Manual Table of Contents
- EXHIBIT F – Sample Membership Agreement
- EXHIBIT G – Sample Form of General Release Agreement
- EXHIBIT H – Receipts



## ITEM 1

### THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, “we” or “us” means 9Round Franchising, LLC, the franchisor. “You” means the person or entity that buys the franchise. If the franchisee is a corporation, partnership or other entity, the term “you” does not include the franchisee’s owners unless otherwise stated. Certain provisions of the Franchise Agreement will apply to your owners and will be noted in this disclosure document.

#### The Franchisor, its Parent and Affiliates

We are a South Carolina limited liability company formed on December 15, 2008. We currently do business only under our corporate name and under the trade name “9ROUND”. Our principal business address is 847 NE Main Street, Simpsonville, South Carolina 29681. Our agents for service of process are disclosed in Exhibit A to this disclosure document. We have no controlling parent company.

We acquired the intellectual property related to the 9ROUND concept from our affiliate, 9Round, LLC (“9RSC”), upon our inception in 2008. 9RSC maintains its principal business address at 847 NE Main Street Simpsonville, South Carolina 29681. 9RSC has operated one 9Round gym since 2008. On June 30, 2019, 9RSC sold its 9Round gym to 9Round Franchising, LLC.

Our affiliate, H&S Empire LLC (“H&S”), operated two (2) businesses of the type you will operate since 2013, which were located in Greenville and Simpsonville, South Carolina. H&S shares our principal business address at 847 NE Main Street, Simpsonville, South Carolina 29681, and has never offered franchises in any line of business. On June 30, 2019, H&S Empire sold two (2) 9Round gyms to 9Round Franchising, LLC. We have been offering franchises of the type described in this disclosure document since April 2009. ~~Our subsidiary, 9Round International, LLC (“9Round International”), a South Carolina limited liability company, offers master franchise opportunities outside the United States and Canada. 9Round International’s principal business address is 847 NE Main Street, Simpsonville, South Carolina 29681.~~

Our subsidiary, 9Round International, LLC (“9Round International”), is a U.S. based South Carolina limited liability company formed on December 16, 2014 and shares our principal business address is 847 NE Main Street, Simpsonville, South Carolina 29681. 9Round International has a license from us to the intellectual property related to the 9ROUND concept outside of the U.S. and Canada and currently offers master franchise opportunities outside the U. S. and Canada. 9Round International’s master franchisees offer franchises of the type described in this disclosure document in seventeen (17) countries around the world, including Mexico, Costa Rica, Guatemala, Saudi Arabia, Jordan, Kuwait, Qatar, Bahrain, Iraq, Japan, Singapore, Indonesia, Vietnam, South Korea, India, Australia and New Zealand.

Our former subsidiary, 9Round Franchising of Canada, Inc. (“9Round Canada”), a Canadian corporation, offered franchises of the type described in this disclosure document in Canada from February 2014 to December 2018. On January 1, 2019, 9Round Canada amalgamated into our current subsidiary, 9RFranchising Canada, ULC (“9RFranchising Canada”) 9RFranchising Canada’s registered address is 220 HSBC Building, 885 West Georgia Street, Vancouver, BC V6C 3E8, Canada. 9RFranchising Canada has offered franchises of the type described in this disclosure document since January 1, 2019. ~~We. In 2024, we and our affiliate 9RFranchising Canada are currently exploring opportunities to enter~~entered into a master franchise agreement for the territory of Canada, which ~~will include~~included transferring existing and future rights to offer and develop 9ROUND centers in the territory of Canada to a new master franchisee.

Our subsidiary, 9Round Holding Company, LLC (“9RHC”), acquired the I LOVE KICKBOXING™ franchise system on February 28, 2024, making 9RHC the franchisor for the I LOVE KICKBOXING™ brand. 9RHC offers I LOVE KICKBOXING™ franchises under the I LOVE KICKBOXING™ trade name offering a boxing and kickboxing physical fitness training program through scheduled classes in a group environment with instructional staff and which includes a proprietary system of challenging workouts. 9RHC has the

principal business address of 847 NE Main Street Simpsonville, South Carolina 29681. As of December 31, 2025, there were 31 I LOVE KICKBOXING™ locations in the United States.

Other than as described above, neither we nor any of our affiliates have ever offered franchises in any other line of business. None of our affiliates provide products or services to our franchisees. Other than the 9Round Centers we own and operate, we have never operated a business of the type described in this disclosure document.

### The Franchise Offered

We have developed a proprietary business format and system (“System”) for operating a fitness center (“Center”) that features a specialized program developed around a system of nine (9) challenging circuit training stations, that incorporates boxing and kickboxing exercises, that includes personal trainer assistance and nutrition services, and that is offered twenty-four (24) hours a day, subject to legal requirements. The 9ROUND program combines strength, cardiovascular exercises, and circuit training for the entire body to achieve results.

Our System includes a distinct interior layout, design, décor, color scheme, graphics, fixtures, and furnishings, operating and customer service standards and procedures including proprietary workout routines, advertising and marketing specifications and requirements, and other standards, specifications, techniques, and procedures, that we designate (collectively, the “Standards”). Centers operating under the System are identified by the trade name and service mark “9ROUND” and other trademarks, service marks, and trade identifiers that we designate (the “Marks”). The System and Standards require you to offer access to the Center to members for twenty-four (24) hours a day throughout the year unless local and municipality regulations, landlord permissions, or the demographics of the Center mean twenty-four (24) hour access is not permissible. If twenty-four (24) hour access is not permissible, we will determine the maximum number of hours that your Center can offer services. During hours of operation, you will offer instructional staffed (‘trainer led’) and unstaffed (‘non-trainer led’) hours to members.

We grant qualified candidates the right to operate one (1) or more 9ROUND Centers according to our Franchise Agreement (see Exhibit C) and our Standards which will be communicated to you via our confidential operating manuals (the “Manual”) (see Item 11). Please see Item 5 regarding our Market Accelerator Program.

We currently offer a franchisee referral program to existing franchisees (see Item 5).

We may explore a program with a big box fitness facility whereby 9ROUND Centers will occupy a location within the big box fitness facility (see Item 5).

### The Market and Competition

The market for fitness and workout centers and clubs is well developed and very competitive. You will compete with other fitness clubs offering similar services, including national franchise systems and other regional and local chains. You also will compete to a certain extent with public recreation centers and not-for-profit community organizations, such as the YMCA. Before selecting a site for your Center, you should survey the area for existing competitors and be aware that a competitor may enter the market at any time.

Typically, our services are sold to individuals and are not seasonal, although you may experience peak months and membership fluctuations. For example, January is typically a busier month for health clubs.

### Laws and Regulations

In addition to laws and regulations that apply to businesses generally, your Center will be subject to various federal, state, and local government regulations, including those relating to site location and building construction, such as the Americans with Disabilities Act.

The physical fitness industry, particularly providing services through for-profit clubs, and offering personal training, is subject to extensive regulation at the local, state, and federal levels. Many states have enacted specific laws (1) regulating membership contract length and terms, advertising, and limitations on pre-opening sales, and (2) requiring bonding, buyer's remorse cancellation rights for limited periods (usually three (3) to ten (10) days after the sale), and cancellation and partial refund rights for medical or relocation reasons. At the federal level, health clubs who sell memberships on credit may be subject to the federal Truth-In-Lending Act and Regulation Z and various other credit-related statutes like the Equal Credit Act and Fair Debt Collection Practices Act.

Some states have laws that require and regulate the content of service contracts or that require the presence of at least one (1) person trained in administering CPR or the use of an external defibrillator. Many states also require that certain types of fitness centers be equipped with working defibrillators. Some states have laws that require and regulate the offering and certification of personal training services.

It is solely your responsibility to comply with all applicable laws and regulations and to obtain and keep in force all necessary licenses and permits required by public authorities. Before purchasing the franchise, we strongly urge you to hire an attorney to review local, state, and federal laws that may affect your operations or impact your operating costs.

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY.

## ITEM 2 BUSINESS EXPERIENCE

### Founder, Chief Executive Officer, and Manager (Director): Shannon Hudson

Shannon is the creator and founder of the 9ROUND business model and system and has served as our CEO and Manager (Director) since our inception in December 2008. Shannon opened the first 9ROUND Center in March 2008, which currently operates in Greenville, South Carolina. Since July 2008, he also has served as Manager of 9RSC, which operated a 9ROUND Center in Greenville, South Carolina through June 30, 2019. Since December 2013, Shannon has served as Manager of H&S, which operated 9Round Centers through June 30, 2019.

### Chief Operations Officer and Manager (Director): Heather Hudson

Heather has served as our COO and Manager (Director) since our inception in December 2008. Since July 2008, Heather also has served as Manager of 9RSC, which operated a 9ROUND Center in Greenville, South Carolina through June 30, 2019. Since December 2013, Heather has served as Manager of H&S, which operated 9Round Centers through June 30, 2019.

### General Counsel: Eve Memmer

~~Eve has served as our General Counsel since November 2023. Prior to this, Eve served as Director of Legal Services from April Vice President 2023 to November 2023, and from August 2020 to April 2023, she served as our corporate paralegal. Before coming to 9Round, Eve served as a corporate paralegal from March 2019 to May 2020 in the mortgage servicing industry. Eve has experience in the line of business associated with the franchise since August 2020.~~

### ~~Sr. Director~~ of Operations: Drew Stauffacher

Drew has served as the Vice President of Operations of 9Round Franchising, LLC since August of 2024 and as our Senior Director of Operations since June of 2023 and prior. Prior to that, Drew served as Director of Fitness Programming for 9Round Franchising, LLC since January 2019. Drew was an owner of two (2) 9ROUND Centers from August of 2014 to March 2020.

### Sr. Director of Franchise Resales: Brian Burke

Brian currently serves as Senior Director of Franchise Resales for 9Round Franchising, LLC. Prior to that, Brian served as our Senior Director of Operations from June 2023 to December 2023. From September 2021 until June 2023, Brian served as our Director of Franchise Resales. Brian served as Director of Ongoing Franchise Business Support for 9Round Franchising, LLC from November 2018 until September 2021. Brian began working with 9Round Franchising LLC in November 2016 as a franchise business coach. Brian is a prior 9ROUND franchisee who operated up to three (3) Centers between December 2010 and May 2020.

### Sr. Director of Marketing and Creative: Anna Lynch

Anna has served as our Senior Director of Marketing and Creative since June 2023 and prior to that as our Director of Marketing, leading our marketing team, since November 2015. Anna has been designated as a Certified Franchise Executive by the International Franchise Association since February 2020.

Sr. Manager (Director): Kenneth S. Esterow

Kenneth Esterow has been on our board of managers since April 2021. Kenneth has been a Partner in TZP Group Portfolio Operations Group since February 2018 Distribution and serves on the Board of Directors for Triangle Home Fashions, LLC., Pyramid Hotel Group, LLC, and Lift Brands, Inc. From January 2014 to November 2017, Kenneth was President and Chief Executive Officer and Director of Bankrate, Inc. (NYSE: RATE), until the sale of Bankrate to Red Ventures. Warehouse: Marcus Callis

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY.

Marcus currently serves as the Senior Director of Distribution and Warehouse for 9Round Franchising, LLC and 9Round International, LLC. Prior to that, Marcus served as our Director of Warehouse and Distribution from July 2017 to August 2023.

### ITEM 3 LITIGATION

#### **Litigation Against Franchisees in the Last Fiscal Year** During fiscal year

~~No~~ 2023, 9Round initiated one (1) lawsuit against franchisees as follows:

#### **Suits to Collect Royalty Payments:**

~~9Round Franchising, LLC vs. JDSR, LLC and Robyn Seardino. Robyn Seardino purchased four (4) licenses to own and operate four (4) 9ROUND locations with the entity JDSR, LLC and voluntarily abandoned said locations. Further to the nonpayment of liquidated damages as per the franchise agreements, 9Round Franchising, LLC filed a Demand for Arbitration in South Carolina (American Arbitration Association Case number: 02-23-0001-1534) against JDSR, LLC and Robyn Seardino on March 20, 2023 to recover lost royalty payments.~~

~~Other than these actions, no~~ litigation is required to be disclosed in this Item.

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY.

**ITEM 4**  
**BANKRUPTCY**

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

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY.

## ITEM 5 INITIAL FEES

You will pay us an Initial Franchise Fee when you sign a Franchise Agreement, which secures your Preliminary Designated Area. If you are acquiring franchise rights for a new, single Center, the Initial Franchise Fee is \$1924,900.

The Initial Franchise Fee is payable in full when the Franchise Agreement is signed and is nonrefundable. The Initial Franchise Fee is uniform for all new franchisees but may differ for franchisees under prior existing agreements.

~~Of the Grand Opening Marketing fees range of \$10,000 to \$25,000, if you acquire the rights to a new license, you will pay us a sum of \$17,500 within one (1) week of signing the lease for your Center, and if you acquire the rights to an existing Center that is open and operating, you will pay us a sum of \$8,000 when you sign a Franchise Agreement, for your initial print materials and event starter kit and for digital marketing advertising and management fees.~~

~~Of the Opening You must spend between \$11,000 and \$25,000 on grand opening marketing we require, including \$1,850 that is paid directly to us.~~

~~You must purchase an Equipment and Inventory Package range of ranging from \$39,800 to \$41,700, you will pay us a sum of approximately including \$25,000 that you will purchase from us.~~

You will pay us a sum of \$2,500 to \$4,000 before you open your Center for shipping and handling for both Grand Opening Marketing Materials and Opening Equipment and Inventory Package.

~~You will pay us a fee to onboard personal training services, including access to a dedicated personal training database, is \$500 for the first Center and \$200 for each additional Center.~~

### Veteran's Program

If you are a veteran or a former member of the U.S. Armed Forces and were honorably discharged (you must provide us with a copy of your DD214), we will reduce your Initial Franchise Fee for your first Center only by ~~twentyfifteen~~ percent (~~2015~~%) for an Initial Franchise Fee of ~~\$15,920~~21,165 for your first Center ("Veteran Discount"). This one-time Veteran Discount is separate to the discounts under the Market Accelerator Program, should you choose to participate in the Market Accelerator Program.

### Resales Programs

#### *Existing Franchisees:*

~~Unless otherwise provided in the original franchise agreement, a \$5,000 Initial Franchise Fee will be utilized for existing Franchisees purchasing an existing franchise location with a new, then current Franchise Agreement that has a new ten (10) year term.~~

#### *New Franchisees to the System:*

~~A \$10,000 Initial Franchise Fee will be utilized for new Franchisees purchasing an existing location with a new, then current Franchise Agreement that has a new ten (10) year term.~~

#### *Manager/Trainer to Owner Program:*

~~A one time Initial Franchise Fee of \$7,500 will be utilized for an existing manager or trainer who has worked for an existing Franchisee for at least six (6) months at an existing 9Round Center, and who meets our then current criteria, purchasing an existing franchise location with a new, then current Franchise Agreement that has a new ten (10) year term. The Initial Franchise Fee under the Manager/Trainer to Owner Program is separate to the discounts under the Market Accelerator Program, should you choose to participate in the Market Accelerator Program.~~



### Renewals

~~If you are an existing franchisee and your current 9ROUND license is within its renewal period as defined in your Franchise Agreement between the effective date of this FDD (as it applies to you for the state in which you are located) and until we issue our next FDD, your renewal Franchise Fee will be the lower of \$1,000 or the amount stated in your original Franchise Agreement.~~

### “Box within a Box” Program

We may explore a program with a big box fitness facility whereby 9ROUND Centers will occupy a location within the big box fitness facility. Should this program be further developed, certain well qualified franchisees who meet our then-current criteria as solely determined by us may be able to participate in the program.

~~An Initial Franchisee Fee of \$19,900 will be utilized for~~ If you are a new FranchiseesFranchisee signing a Franchise Agreement ~~which secures an Authorized Location as determined by us, for a new, for a single Center contained within the big box fitness facility, you will pay us an Initial Franchise Fee of \$24,900.~~

~~An Initial Franchisee Fee of \$15,000 will be utilized for~~ If you are an existing FranchiseesFranchisee signing a Franchise Agreement ~~which secures an Authorized Location as determined by us, for a new, for a single Center contained within the big box fitness facility, you will pay us an Initial Franchise Fee of \$14,900.~~

### Market Accelerator Program

If you later would like to acquire franchise rights as part of our Step Up Program, the total Initial Franchise Fee for the second Center, and for each additional Center, is ~~\$15,000~~14,900 (a discount of ~~\$4,900~~10,000 for each Center).

Step Up Program	Amount
Initial Franchise Fee for first Center	<del>\$19</del> 24,900
Each additional Center Initial Franchise Fee	<del>\$15,000</del> 14,900

### Referral Program

We currently offer a franchisee referral program to existing franchisees (the “Referral Program”) whereby if an existing franchisee introduces a prospect to us, other than under the terms of the Manager/Trainer to Owner program or if a prospect is an existing franchisee themselves, and the prospect successfully becomes a 9Round franchisee purchasing either a new license or an existing Center for sale that is not the Center of the existing franchisee who made the introduction to 9Round, the existing franchisee may receive a fee of \$2,500. The Referral Program is solely operated at our discretion and may be modified or terminated at any time. Existing franchisees must comply with certain terms of the Referral Program in order to qualify for the fee, including only being authorized to display approved 9Round-provided Referral Program brochure at their own 9Round Center(s) and introducing the prospect to our development department provided that the prospect has not already begun our franchising process or whose information has been previously received by us through other lead channels.

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY.

**ITEM 6  
OTHER FEES**

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Royalty <del>Fee</del> <sup>2</sup>	\$600 <u>or 6% Net Sales, whichever is greater,</u> per month.	Monthly.	Subject to <u>CPI</u> increase. The fee may be collected through billing software.
Brand Building Fund Fee	\$250 or 2% of Net Sales, whichever is greater, per month.	Monthly.	Subject to <u>CPI</u> increase. The fee may be collected through billing software. See Item 11 for more information about Net Sales and the Brand Building Fund.
Local Advertising Spend, Local Marketing Fund, or Cooperative <del>Advertising</del> <sup>2</sup> <u>Advertising</u> <sup>3</sup> Contribution	The higher of 8% of gross revenue or \$4,500 per rolling three (3)-month period. <sup>3</sup>	Monthly.	See Item 11 for more information about our right to set up and require participation in a Local Marketing Fund or an advertising cooperative.
Technology Fee <sup>4</sup>	\$499 per month.	Monthly.	<del>Subject to increase.</del> The fee may be collected through billing software. <u>Subject to CPI increase. In addition, we may increase this fee annually up to 10%.</u>
<del>Digital Marketing Services</del> <sup>5</sup>	<del>\$750 per month desired ad spend; \$300 per month management fee for mid-tier services.</del>	<del>Monthly.</del>	<del>Subject to increase or change. The fee may be collected through billing software.</del>
<del>Personal Training Services</del> <sup>6</sup>	<del>\$199 initial; and thereafter \$99 per month per Center.</del>	<del>Monthly.</del>	<del>Subject to increase. The fee may be collected through billing software.</del>
Insurance	\$126 - \$240 per month.	Monthly or annually.	Subject to <u>CPI</u> increase. <u>In addition, we may increase this fee annually up to 10%.</u> The fee may be collected through billing software.
Audits	Cost of audit plus interest at 12% or the maximum rate allowable by law.	Immediately upon receipt of bill.	You pay for cost of audit only if it shows an understatement of memberships or revenue.
Annual Convention <del>Tickets</del> <sup>7</sup> <u>Tickets</u> <sup>5</sup>	Will vary under the circumstances (currently \$399 per	Annual, upon demand.	<del>Subject to increase.</del> The fee may be collected through billing software and may be

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
	franchise owner).		taken in installments, at our option. <u>Subject to CPI increase. In addition, we may increase this fee annually up to 10%.</u>
<del>9Round</del> <u>NOW<sup>8</sup> Live Training Event Tickets<sup>6</sup></u>	<del>\$5 per member per month.</del> <sup>7</sup> <u>Will vary under the circumstances (currently \$99 - \$199 per franchise owner).</u>	<del>Monthly</del> <u>As incurred.</u>	<del>Subject to increase.</del> The fee may be collected through billing software. <u>Payable upon registration. Subject to CPI increase. In addition, we may increase this fee annually up to 10%.</u>
<del>Door Entry Key Fobs<sup>9</sup></del>	<del>\$250 per box.</del>	<del>As incurred.</del>	<del>Subject to increase. Payable upon order.</del>
Assignment Fee	<del>\$500.</del>	Upon application to assign your Franchise Agreement.	Payable when you assign your Franchise Agreement to a corporation or other business entity owned by you or when you alter the percentage ownership of any minority partner, member, or other owner of your business, other than the Principal Owner.
<u>Transfer Fee</u>	<u>\$5,000 for existing Franchisees acquiring an existing Center</u> <u>\$10,000 for new Franchisees acquiring an existing Center</u>	<u>Upon assignment application.</u>	
<u>Employee Transfer Fee</u>	<u>\$7,500 for an existing manager or trainer who worked for an existing Franchisee for at least 6 months</u>	<u>Upon assignment application.</u>	<u>Must meet our criteria and sign a new Franchise Agreement with a 5 year term.</u>
Graphic Design <del>Fee<sup>10</sup></del> <u>Fee<sup>7</sup></u>	<del>\$50—</del> \$100 per hour.	As incurred.	<del>Subject to increase.</del> Payable upon completed work product provided to you or the applicable vendor. <u>Subject to CPI increase. In addition, we may increase this fee annually up to 10%.</u>
Relocation Fee	\$1,500 - \$5,000.	Upon	Payable when you relocate

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
		application to relocate your Center.	your Center.
Costs and Attorneys' Fees	Will vary under circumstances.	As incurred.	Payable only if your non-compliance with the Franchise Agreement causes us to incur legal expenses.
Interest	12% per annum.	Upon demand.	Payable only if you fail to pay amounts owed to us when due.
Indemnification	Will vary under the circumstances.	As incurred.	You must reimburse us if we are held liable for claims arising out of your franchise operations.
Supplier Review Fee	Our costs and expenses, which we expect will range from \$1,000 to \$5,000, but may exceed this range depending on the product.	As incurred.	See Item 8 for more information on approved suppliers.
Quality Assurance Inspections	Our out-of-pocket costs which will vary.	Upon demand.	If you fail to submit a "walk-through" video, you must reimburse us for our costs, including travel costs, that we incur related to evaluating or inspecting your Center with our personnel or third party "mystery shoppers."
Modernization and Maintenance Costs	Our reasonable costs and expenses which will vary.	Upon demand.	You must maintain the Center premises and modernize them every five (5) years. If you fail to do so, we may complete these for you, and you must pay us our reasonable costs.
Securities Offering Costs	Will vary under the circumstances.	Upon demand.	If you engage in a private offering of securities, we must review the prospectus or other offering documents and you will pay our costs for that review.
Ongoing Training	\$99 to \$500 per person plus your travel	Upon demand.	<del>Subject to increase.</del> We may require you and other key

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
	expenses. If our representative provides additional training at your Center, we may require you to reimburse our related travel and lodging costs for our representative.		employees of the Center to attend ongoing training, which will be held at a location that we designate. <u>Subject to CPI increase. In addition, we may increase this fee annually up to 10%.</u>
Renewal Fee	25% of the then-current Initial Franchise Fee; <u>for the 2025 calendar year, we are offering a reduced renewal fee of \$1,000.</u>	Before renewal, at least six (6) months but not twelve (12) months prior to end of expiring term.	See Item 17 for Renewal Term and Conditions of Renewal.
Administrative Fee	\$250 per enforcement effort (i.e. written or verbal notification and follow up).	Upon demand.	We may assess an administrative fee to compensate us for our efforts to address the failure to comply with the Franchise Agreement or Brand Standards. <u>Subject to CPI increase. In addition, we may increase this fee annually up to 10%.</u>
Management Fee	5% of the Center's gross revenues, plus reimbursement of our reasonable costs and expenses.	Upon demand.	If you are in default of the Franchise Agreement, we may send our personnel to manage the Center until the default is cured.
Liquidated <del>Damages</del> <sup>11</sup> <u>Damages</u> <sup>8</sup>	For ceasing operations or committing a default that results in termination of your franchise rights, the lesser of \$20,000 or the estimated present value of monthly fees through the end of the franchise term;  For selling unauthorized products, an amount equal to 70% of gross revenues	Upon demand.	

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
	derived from the sale;  For offering unauthorized services, an amount equal to 100% of gross revenues derived from the offering of services.		

We may explore a program with a big box fitness facility whereby 9ROUND Centers will occupy a location within the big box fitness facility. Should this program be further developed, certain well qualified franchisees who meet our then-current criteria as solely determined by us may be able to participate in the program to operate one (1) or more 9ROUND Centers accordingly to our Franchise Agreement (which may be subject to amendment for the purposes of this program) and may benefit from certain reduced ongoing fees.

Notes:

Note 1. All fees are imposed by, payable to, and collected by us unless otherwise noted. All fees are imposed uniformly and are non-refundable upon payment. As noted in the chart above, several fees paid to us are subject to adjustment over the ~~ten (10)-year~~ agreement term based on increases in the Consumer Price Index (CPI). Adjustments based on the CPI will be made no more than once per year.

Note 2. ~~If you acquire an existing Center, we will reduce the Royalty Fee to \$300 or 3% of Net Sales, whichever is greater, for the initial twelve (12) months following the effective date of the Franchise Agreement. Following the initial twelve (12) month period following the effective date of the Franchise Agreement, the Royalty Fee will be \$600 or 6% of Net Sales, whichever is greater, per month.~~

Note 3. ~~Note 2.~~ Each local advertising cooperative may elect to increase the monthly contribution to the cooperative if approved by a two-thirds majority of the members, and the minimum contribution is subject to adjustment by an amount not to exceed the increase in the CPI. Centers owned by us and our affiliates are also members of their respective local cooperative and each company-owned Center has the same voting rights as the franchised locations within the cooperative. If our company-owned Centers comprise the majority of a given cooperative the maximum and minimum fees for that cooperative will be consistent with the range stated in this Item 6 (subject to adjustment for increases in the CPI).

We offer optional assistance with local marketing. Fees will vary depending on availability, market size, and strategy.

Note 3. ~~If you fail to add at least forty-five (45) new members (excluding trial memberships or memberships lasting less than a full month) during a rolling three (3)-month period, we reserve the right to audit your marketing and advertising to ensure it conforms to our standards and specifications. If you have not spent the higher of 8% of your gross revenue or \$4,500 per rolling three (3)-month period on Local Advertising, we reserve the right to collect the difference, through billing software, between how much you have spent in the applicable rolling three (3)-month period and the minimum required expenditure. Any amounts that we collect will be added to the Brand Building Fund.~~

Note 4. As technology and member demands change, we anticipate providing different or additional services available to members. Some of these services may include different or additional member service fees and you agree to participate in our future member service initiatives and pay the applicable fees that we impose periodically. Currently, member services include access to the online portal which provides nutritional and fitness information and recipes. The Technology Fee is \$499 per month. The Technology Fee currently includes online membership services, any 9Round app, the 9Round website, PULSE Heart

Rate Zone System technology, ~~email marketing software~~, four (4) 9Round email addresses, voice timer system, and daily workout screens-, but is subject to change. Each additional address is currently \$5 per month per email address.

~~Note 5. At the end of the local grand opening marketing or new ownership marketing digital marketing services, you will automatically be transferred to our mid-tier digital marketing services, which may be provided by us or our Affiliate. The current management fee is \$300 per month and for mid-tier services, and you will commit to a desired ad spend of \$750 per month, although the actual ad spend may be greater or less based on ad interaction. You may notify us in writing to cancel the digital marketing services at the end of the local grand opening marketing or new ownership marketing digital marketing services. During ongoing digital marketing services, you may cancel or change the services by notifying us in writing. At the end of the local grand opening marketing or new ownership marketing, any remaining funds from the Grand Opening Fee that were paid to us will be used for ongoing digital marketing services. If you cancel the digital marketing services, you may later re-start the digital marketing services by signing our then-current digital marketing services agreement at the then-current management fees and then-current required minimum desired ad spend per month, provided that we are offering digital marketing services. If we stop offering digital marketing services, we will also stop charging you the monthly management fee.~~

~~Note 6. The personal training service offers boxing and kickboxing training and certification to franchise owners. Once trained by us, subject to local laws and regulations, you can offer one-on-one boxing and kickboxing themed personal training to members. You may charge a fee to members for the personal training services in addition to their monthly membership. Our current fee to you for the initial training and onboarding of the personal training service is \$199. Thereafter, the current fee for ongoing training and support is \$99 per month, which includes access to the dedicated personal training database in the franchisee portal, which itself includes instructional documentation and videos. The initial fee and ongoing fees are subject to increase. We may collect the fees through billing software. Although you are not currently required to offer personal training services to members, we reserve the right to require you to offer personal training services, subject to local laws and regulations, to members and non-members in the future.~~

~~Note 7.~~ Note 5. Each franchise owner is required to purchase a ticket to our annual convention, the location of which varies, but is usually held in the lower forty-eight (48) states of the US. The then-current ticket price is \$399 but is subject to increase. We may collect the ticket price through billing software and may be taken in installments, at our option. In addition to the ticket price, you are responsible for all costs associated with attending the annual convention, such as travel, lodging, and other incidentals. The costs may increase if you are attending with more than one (1) franchise owner, a manager, or other staff.

~~Note 8. 9RoundNOW is an on-demand streaming service of kickboxing themed workouts. Members and non-members can sign up for 9RoundNOW. You may charge a fee to members for 9RoundNOW as an add-on to their monthly membership. We currently collect \$5 per membership, which is subject to increase. We may collect the fee through billing software with your monthly royalties. Although you are required to offer 9RoundNOW for sale, it is currently not required to be included with each Membership. We reserve the right to require 9RoundNOW with each Membership in the future.~~ 6. Each franchise owner is encouraged to purchase a ticket to our intermittent live training events, the location of which varies, but is usually held in the lower forty-eight (48) states of the US or virtually at our option. The then current ticket price is \$99 to \$199 but is subject to increase. In addition to the ticket price, you are responsible for all costs associated with attending the live training event, such as travel, lodging, and other incidentals. The costs may increase if you are attending with more than one (1) franchise owner, a manager, or other staff. Live training events may be held in place of or in addition to our annual convention. If held in place of our annual convention, each franchise owner may be required to purchase a ticket.

~~Note 9. The Security System initial cost includes fifty (50) door entry key fobs. An additional box of fifty (50) door entry key fobs is \$250 each, subject to increase.~~



~~Note 10.~~Note 7. Upon your request, and subject to availability, we, or our approved suppliers, may offer services to complete retail designs, window decals, create local advertising assets, update and/or promote your website, and provide other graphic design services. Our current hourly rate, depending upon the services requested, is \$50 - \$100 per hour, which is subject to change or increase. Any requests for changes or updates to the content of your website and/or any type of website promotion you wish to do must be approved by us in writing and performed by us, or our approved suppliers. We typically respond to you within ten (10) business days of our receipt of your request for all website changes. We may charge a fee of \$50 - \$100 per hour as necessary to update and/or promote your website or provide other graphic design services. Delivery time for designs will vary based on the type of request. We may collect the fees through our billing software. We will provide you with at least thirty (30) calendar days' notice of any change to our graphic design fee. Currently, we do not charge for minor updates such as changes to phone number, physical gym address, location email, or location URLs, but we may restrict the number of major and minor changes that we will make.

~~Note 11.~~Note 8. If you prematurely cease operations, or if you commit a default that results in termination of your franchise rights, you must pay us, as liquidated damages, the lesser of \$20,000 or an amount equal to the average monthly fees paid to us over the past twelve (12) months multiplied by the number of months remaining in the then-current term, reduced to present value at a rate of 6%. If you sell any products or offer any services that we have not authorized for sale, you must pay us an amount equal to 70% of the gross revenue that you derived from the sale of unauthorized products, and 100% of the gross revenues that you derived from the offer of unauthorized services. We have the right to collect these amounts in the same way as we collect payment of Royalty Fees. We also have the right, in our sole discretion, to collect these amounts immediately or in installments, payable at 6% interest for a term of up to twenty-four (24) months.

~~REMAINDER OF PAGE LEFT BLANK INTENTIONALLY.~~



**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**  
**YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee <sup>1</sup>	<del>\$5,000</del> <u>14,900</u> to <del>\$19</del> <u>24</u> ,900	Lump sum	At signing of the Franchise Agreement	Us
Computer, Technology, and Sound System <sup>2</sup>	\$2,500 to \$20,000	As arranged	Before opening as incurred	Vendors
Security System <sup>3</sup>	<del>\$7</del> <u>13</u> ,000 to <del>\$9</del> <u>17</u> ,000	As arranged	Before opening	Approved Vendors
Lease Deposits, Utilities, and Insurance <sup>4</sup>	\$2,000 to \$7,500	As arranged	Before opening	Landlord, Utility Suppliers, and Insurer
Leasehold Improvements <sup>5</sup>	\$10,000 to \$110,200	As arranged	Before opening	Contractors
Leasehold Finishes and Fixtures <sup>6</sup>	\$6,000 to \$25,000	As arranged	Before opening	Contractors
Sound Proofing (optional) <sup>7</sup>	\$0 to \$10,000	As arranged	Before opening	Contractors
Grand Opening Marketing <sup>8</sup>	<del>\$10</del> <u>11</u> ,000 to \$25,000	As arranged	If you have acquired a new license, partially payable before opening. If you have acquired an existing license, partially payable at signing of Franchise Agreement. Then, as incurred	Us and Approved Vendors
Opening Equipment and Inventory Package <sup>9</sup>	\$39,800 to \$41,700	As arranged	Before opening as incurred	Us and Approved Vendors
Stretching Station Package <sup>10</sup>	\$0 to \$2,500	As arranged	Before opening as incurred	Us and Approved Vendors
Free Weight Station Package <sup>10</sup>	\$0 to \$5,000	As arranged	Before opening as incurred	Us and Approved Vendors
<u>Cable Machine Package<sup>10</sup></u>	<u>\$0 to \$3,000</u>	<u>As arranged</u>	<u>Before opening as incurred</u>	<u>Us and Approved Vendors</u>
Digital Advertising Screen (optional) <sup>11</sup>	\$0 to \$1,500	As arranged	Before opening as incurred	Us and Approved Vendors

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Exterior Signage <sup>12</sup>	\$2,000 to \$12,000	As arranged	Before opening	Approved Vendors
Heart Rate Zone System <sup>13</sup>	\$1,400 to \$2,400	As arranged	Before opening	Approved Vendor
Daily workout screens system <sup>14</sup>	\$10,000 to \$15,000	As arranged	Before opening	Approved Vendors
<u>Low Voltage Data<sup>15</sup></u>	<u>\$2,000 to \$10,000</u>	<u>As arranged</u>	<u>Before opening as incurred</u>	<u>Approved Vendors</u>
Customized managed network system	\$2,600 to \$3,600	As arranged	Before opening	Approved Vendors
Body composition analyzer <sup>15</sup> analyzer <sup>16</sup>	\$349 to \$5,500	As arranged	Before opening	Approved Vendors
Shipping and Handling (for the Grand Opening Marketing Materials, Opening Equipment and Inventory Package, and daily workout screens system)	\$5,500 to \$8,000	As arranged	Before opening as incurred	Us and Approved Vendors
Travel, Lodging and Meals for Initial Training Program <sup>16</sup> Program <sup>17</sup>	\$1,000 to \$4,000	As arranged	As incurred	See Item 11 and Note 8
Business Licenses and Other Professional Fees <sup>17</sup> Fees <sup>18</sup>	\$400 to \$1,500	As arranged	Before opening	Appropriate Licensing Authorities and Third Parties
Additional Funds – three (3) months <sup>18</sup> months <sup>19</sup>	\$25,000 to \$61,000	As arranged	As incurred	Third Parties
<u>Total<sup>19</sup> Total<sup>20</sup></u>	<u>\$130,549</u> <u>149,449</u> to <u>\$390</u> <u>416</u> ,300			

These figures represent the estimated costs to develop a Center and to operate it during the initial phase – which is estimated to be three (3) months. We cannot guarantee that you will not have additional expenses during this period. Your actual costs will depend on how closely you follow the 9ROUND system standards, your management skill, experience and business acumen, local economic conditions, acceptance by local consumers of our approved services, prevailing wage rates, competition, the size of your Center, and other factors. If you purchase franchise rights for additional Centers under our Market Accelerator Program, you will incur these expenses for each Center you develop, less the applicable Initial Franchise Fee discount. In preparing your budget, you should also consider the potential effect of inflation on future costs. All fees are nonrefundable unless otherwise stated and may not include applicable taxes.

We may explore a program with a big box fitness facility whereby 9ROUND Centers will occupy a location within the big box fitness facility. Should this program be further developed, certain well qualified

Franchisees who meet our then-current criteria as solely determined by us may be able to participate in the program and costs of initial investment may be less.

Note 1. ~~A \$5,000 Initial Franchise Fee will be utilized for existing Franchisees purchasing an existing franchise location with a new Franchise Agreement that has a new ten (10) year term. A \$10,000 Initial Franchise Fee will be utilized for new Franchisees purchasing an existing location with a new Franchise Agreement that has a new ten (10) year term. An Initial Franchise Fee of \$19,900 will be utilized for new Franchisees opening a new location.~~ See Item 5 for a description of the Initial Franchise Fees and available discounts available in our Market Accelerator Program, Resale Programs, and Veteran Discount.

Failure to pay the Initial Franchise Fee upon execution of the Franchise Agreement will result in a non-curable default of the Franchise Agreement by you and we will have the right to immediately terminate the Franchise Agreement in accordance with the relevant terms of the Franchise Agreement.

Note 2. The range includes the estimated cost for computers, software, printers, high-speed internet connection, sound system, television, -telephone(s) with answering system, and hardware and installation costs for the 9ROUND music system.

Note 3. The range includes the estimated cost for the security and surveillance system and fifty (50) door entry key fobs. See Item 6 for more information about additional door entry key fobs.

Note 4. These estimates are based on leasing a 1,500 to 2,700 square foot facility in vanilla shell condition, located in a strip center in the Greenville, South Carolina area, and include your first month's rent, security deposit, utility deposits, and insurance. The space must be enclosed and separate from other businesses with its own locking door. Except for the security deposit, lease payments generally are not refundable.

The estimated deposits for utilities include electric, gas, and water, but your deposit may vary due to policies of local utility companies.

See Item 8 for more information about our insurance requirements and our designated insurance program. This estimate includes premium for three (3) months of the insurance plan from our designated supplier. If you need additional insurance for your Center (for example, state workers' compensation or a surety bond), you may have additional costs. A surety bond may range from \$100 to \$500 per year, depending on the state. Workers' compensation coverage may range from \$450 to \$1,000 and may be more depending on the number of employees and your state requirements.

Note 5. These figures include the estimated cost of interior alterations and improvements to a location in vanilla shell condition. This cost depends on the extent of the renovations needed to convert space into separate areas, costs of labor and materials in the area, local building and other code requirements, landlord construction criteria, any allowance you negotiate with the lessor for construction, and other factors. We recommend that you find a location that needs minimal leasehold improvements or fixtures. For new locations, the range is typically \$40,000 to \$110,200. For the purchase of an existing Center, leasehold improvements are considerably less and may not be required if the Center is in good condition and meets our then-current Standard. For an existing Center, unless local and municipality regulations, landlord permissions, or the demographics of the Center mean that twenty-four (24) hour access is not permissible, we will require that the existing Center undergoes the necessary modernizations to offer access to the Center twenty-four (24) hours a day throughout the year.

Note 6. Includes the cost of paint, wall paneling, mirrors, lighting, and entry and bathroom tile. These estimates do not include the cost of purchasing real property, as we do not expect that you will buy real property. These figures do not incorporate any landlord concessions, such as free rent or landlord build out of your space.

Note 7. We recommend, but do not require, that you soundproof your Center, according to our specifications. The figures included reflect these costs.

Note 8. If you acquire franchise rights for a new Center, you must spend a minimum of ~~\$2511,000~~, as determined by us, for local grand opening marketing, which will commence approximately ~~twelve (12) weeksthree (3) months~~ before the opening of your Center and approximately ~~eight (8) weekstwo (2) months~~ after the opening of your Center. You may spend more than the minimum amount. You will pay ~~\$17,500a minimum of \$1,850~~ directly to us ~~within one (1) week after you sign the lease for prior to opening~~ the Center for your print materials and event starter kit, both of which contain various promotional materials, for digital marketing advertising, ~~and for a minimum of five (5) months of the digital marketing management fees. If you acquire the franchise rights to an existing Center, you must spend a minimum of \$10,000, as determined by us, for local new ownership marketing commencing when you launch the new ownership marketing campaign on a date agreed to by us (such date will be after you have acquired ownership of the Center) and lasting for approximately twelve (12) weeks thereafter. You may spend more than the minimum amount. You will pay \$8,000 directly to us, due at the time of signing the Franchise Agreement, for your print materials, which contains various promotional materials, for digital marketing advertising, and for a minimum of three (3) months of digital marketing management fees. The remaining amount will be paid to approved vendors for their respective products or services. At the conclusion of local grand opening marketing or local new ownership marketing, any remaining funds of the Grand Opening Marketing Fee that were paid to us will be used for the digital marketing service.~~ You may spend more than the minimum amount. Pre-opening and grand opening or new ownership marketing will consist of a variety of marketing tactics including, but not limited to, digital advertising, email marketing, local networking, participation in local community events, public relations, and other marketing and advertising initiatives or materials intended to publicize the opening of the Center.

Note 9. The Opening Equipment and Inventory Package includes the exercise equipment and floor mats necessary to operate the Center (including items such as punching bags, weights, jump ropes, medicine balls and racks, speed bags, speed bag platforms and high-end industrial quality floor mats), interior signage, entry furniture and displays, and your initial opening inventory of retail items (including gloves, hand wraps, heart rate monitors, and apparel).

Note 10. The Stretching Station Package currently includes the stretching station screen and stretching equipment. The Free Weight Station Package currently includes weight training equipment. The Cable Machine Package currently includes the cable machine and attachments. These packages may be optional or required based on the square footage of your Center and our current programs.

Note 11. The digital advertising screen is a screen that is dynamically updated to display current products, promotions and services offered at the Center. This item is currently optional.

Note 12. This includes estimated purchase cost of exterior signage and related delivery and installation. You may use a local vendor.

Note 13. You must purchase our 9ROUND Heart Rate Zone system called 9ROUND PULSE. You also must purchase all equipment required to implement and use the system at our then-current specifications. The required equipment will vary based on your Center layout and square footage. The current minimum required equipment includes- one (1) 65-inch flat screen television to display live workout statistics, two (2) wireless antenna, HDMI cables, one (1) laptop, and one (1) router. The current maximum required equipment includes two (2) 70-inch flat screen televisions to display live workout statistics, four (4) wireless antenna, one (1) wireless access point, HDMI cables and splitter, one (1) laptop, and one (1) router.

Note 14. You must purchase hardware for our 9ROUND daily workout screens system from us or approved vendors. You must purchase all equipment to implement and use the system, which currently includes nine (9) screens to be mounted at each workout station that will demonstrate the daily training applicable at each station.

Note 15. This is the estimated cost for the low voltage data needed for cameras, door access, and electronic systems. You must purchase and maintain low voltage data to ensure a stable connection for your Center.

Note 16. You must purchase hardware for the body composition analyzer from us or approved vendors. You must purchase all equipment to implement and use the system, which includes a body composition and other vital measurements system. The then-current cost of the required analyzer is \$349, which is subject to increase and taxes. You may purchase an analyzer from us or the approved vendor that has additional features, which may require a monthly subscription fee to a third-party vendor, provided that the analyzer meets the Standards.

Note 17. Training is held at either at our corporate headquarters (currently, Simpsonville, South Carolina) or a location nearby in Greenville County, South Carolina. You are responsible for all costs associated with attending such as travel, room and board. At our discretion, we may host training virtually. If training is held virtually or if you live close to our training location, or if you are an existing franchisee purchasing a Center under the Resale Program and we determine that you do not need to re-attend the initial training program, you may incur no travel, lodging, or meal costs for the initial training program. If you are a new franchisee to the System under the Resale Program and you fail to attend the initial training program as directed by us, under the terms of your Franchise Agreement, we have the right to terminate for-cause, however, in our sole discretion and as an alternative to for-cause termination, you will pay \$10,000 to cover our costs and fees for up to two (2) members of our training staff to travel to the Center to deliver the initial training program to you, and such sums shall be fully earned and non-refundable and may be collected via the point of sale system. See Item 11 for more information about training.

Note 18. We recommend that you hire an attorney to help you evaluate this franchise offering, to identify the laws and regulations that may apply to your Center, to help you set up a business entity, to review and negotiate your lease and for whatever other purpose you deem appropriate.

Note 19. The figures in the chart represent the estimated amount of working capital you will need to cover other initial operating expenses for a period of three (3) months and are based on estimated figures to open a Center in Greenville County, South Carolina, based on our local market experience. This includes the minimum amount that you must spend on local advertising and marketing per month (minimum \$4,500 per rolling three (3) month period), ~~\$137~~140 per month for the security system monthly fee and \$20 to \$140 per month for the managed network service fee. These figures are estimates, and we cannot guarantee you will not have additional expenses starting the business. The figures in the chart include the estimated amounts of employee salary or wages and rent, excluding any distributions or draw to the franchisee.

Note 20. The total estimated initial investment is an estimate only of the range of start-up expenses you may incur. We relied on our principals' combined expertise when preparing these figures. The actual amount of additional funds you will need depends on a variety of factors, including the size of your Center, the time of year when you start your business, type and quantity of exercise equipment in your Center, implementation of a marketing plan, your own management skill, economic conditions, competition in your area, and other factors. The estimate of initial investment funds is based on owner-operated business, and does not include salaries or benefits for full-time employees. As your business grows, you may choose to hire employees to carry out support service tasks. The estimate does not include any finance charges, interest, or debt service obligation, or your living expenses. You should have sufficient capital or other means to pay for your living expenses for at least twelve (12) months.

You should also allow for inflation, discretionary expenditures, fluctuating interest rates, and other costs of financing, and local market conditions, which can be highly variable and can result in substantial, rapid, and unpredictable increases in costs.

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY.



## ITEM 8

### RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

#### Site Selection

You must operate the Center at a location that meets our then-current site selection requirements and that we have approved. We require that the Center offers instructional staffed and unstaffed services to members for twenty-four (24) hours a day throughout the year, subject to legal requirements. If you lease the location, you and the landlord must execute the standard form of lease addendum (attached to the Franchise Agreement as Attachment E).

You must construct and equip your Center according to our approved design, specifications, and standards. In addition to meeting our design specifications and standards, it is your responsibility to ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state, and local laws. You must also use equipment (including hardware and software for the Technology System, as further described in Item 11), signage, fixtures, furnishings, products, supplies, and marketing materials that meet our specifications and standards.

#### Approved and Designated Suppliers

Currently, we are the only approved supplier of your ongoing inventory of gloves, supportive hand wraps, punching bags, certain print materials, heart rate monitors and belts, apparel, furniture, website, graphic design services, and certain nutrition services. Other than this, neither we nor our affiliates are approved suppliers of any other products or services, and none of our officers hold an interest in any other privately-held suppliers, or a material interest in any publicly-held suppliers, to our franchise system. Occasionally, our officers may own non-material interest in publicly-held companies that may be suppliers to our franchise system.

You must purchase from approved sources, which may include us, our required opening equipment and inventory package (which includes equipment and initial inventory), grand opening advertising services, certain heart rate monitoring equipment, hardware for the daily workout screens system, hardware for the voice timer system, customized managed network system, 9ROUND music system, point of sale system, email marketing subscription package, and business text messaging service. You also must maintain and communicate at all times and for all business purposes through an email address provided by our approved vendor.

We will provide you with a list of approved manufacturers, suppliers, and distributors (“Approved Suppliers List”) and other approved equipment, signs, stationery, supplies and other items or services that we periodically designate as necessary to operate the Center (“Approved Supplies List”). We, an affiliate, or a third-party vendor or supplier, may be the only approved supplier for certain products. The Approved Supplies List also may include other specific products without reference to a particular manufacturer, or they may designate the specifications and standards for other approved products. We may revise the Approved Suppliers List and Approved Supplies List. We give you the approved lists as we deem advisable.

You may use in the operation of the Center only the proprietary or non-proprietary equipment that we specify, and must purchase and lease all equipment that we designate from our approved suppliers.

Except for instances where we designate a single source supplier, if you wish to purchase any products or services for which we have established approved suppliers from an unapproved supplier, you may request our consent in writing. If we request, you must submit samples and other information as we require for testing or to otherwise determine whether the product, material or supply, or the proposed supplier meets our specifications and quality and safety standards. We generally will notify you in writing of supplier approval or disapproval within thirty (30) days of our receipt of all the information and samples we request. You must pay the reasonable cost of the inspection and evaluation and the actual cost of the test. The supplier also may be required to sign a supplier agreement. We may re-inspect the facilities and products



of any supplier of an approved supplier or item and revoke our approval of any supplier or item that fails to continue to meet any of our criteria. Once approved, you may contract directly with the approved supplier. We will send written notice of any revocation of an approved supplier or item.

We apply the following general criteria in approving a proposed supplier: (1) ability to make product in conformity with our specifications; (2) reputation and integrity of supplier; (3) financial condition and insurance coverage of the supplier; and (4) system-wide strategic direction and system uniformity.

### Insurance

You must maintain at your expense the types of insurance and the minimum policy limits specified in the Manual and our written directives. Where applicable law permits us to designate an insurance provider, we require our franchisees to purchase insurance from our preferred insurance provider.

Your insurance policies must be underwritten by approved insurers licensed and admitted to write coverage in the state in which the Center is located and with a rating of “A” or better. They must protect you, us, and our affiliates, and our and our affiliates’ respective, past, present, and future officers, directors, owners, members, managers, employees, consultants, attorneys, and agents against any loss, liability, personal injury, death, property damage, or expense whatsoever arising out of or occurring upon or in with the condition, operation, management, use, or occupancy of your Center. The policy must provide for the following coverages:

Type of Insurance	Amount
General Liability including Hired Non-Owned Auto, Sexual Abuse or Sexual Molestation Liability, Medical Expense, and Business Income Coverage	\$1,000,000 per occurrence; \$5,000,000 in the aggregate
Property	\$50,000
Professional	\$1,000,000

In addition, you must carry workers’ compensation and employer liability coverage as required by the jurisdiction in which you operate the Center.

We, our affiliates, and other parties we designate must be named as additional insureds on a primary non-contributory basis under each policy, except for policies required by statute in your jurisdiction, including, but not limited to, workers’ compensation and employer’s liability insurance policies. You and your insurers must also waive rights of subrogation against us. We may require additional types of coverage or increase the required minimum amount of coverage upon reasonable notice. We recommend, and may require in the future, that you to obtain cyber liability insurance. Your obligation to obtain coverage is not limited in any way by insurance that we maintain. Upon our request or as specified in the Manual, you must provide us with certificates of insurance evidencing the required coverage. Your insurer(s) must commit not to cancel or amend the policy or policies without at least thirty (30) days’ prior written notice to us. If you fail to obtain and maintain required insurance coverage, we have the right, but not the obligation, to obtain the required insurance on your behalf and to charge you for the cost of the insurance plus a reasonable fee for our services in procuring the insurance.

### Marketing and Promotional Materials

You may only use marketing and promotional materials that meet our standards (see Item 11 for more information on advertising and marketing).



#### Revenue Derived from Franchisee Purchases and Leases

We have an agreement with various merchandise suppliers where we receive a rebate of up to 35% of the sale price of each item.

During our fiscal year ending on December 31, ~~2024~~2023, we derived \$2,~~574,905~~211,991.19 from franchisee purchases and leases, which amount represents ~~192~~1% of our total revenue of ~~\$13,493,023~~10,453,758.85, based on our audited financial statements.

#### Estimated Proportion of Required Purchases and Leases to all Purchases and Leases

We estimate that your required purchases or leases (meaning purchases or leases from approved or designated sources) will represent approximately 35%-55% of your total purchases and leases in establishing the franchised business, and approximately 15%-25% of your total purchases and leases in operating the franchised business.

#### Description of Purchasing Cooperatives; Purchasing Arrangements

We negotiate purchase arrangements for the benefit of the System but not on behalf of individual franchisees. This does not guarantee that the price for these products or services will be lower than other products or services on the market. We are not aware of any purchasing or distribution cooperatives in the System as of the date of this disclosure document. We do not provide you any material benefits (such as renewal rights or the right to acquire additional franchises) based on your purchases from approved or designated suppliers.

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY.

## ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 2B, 2C, 5A, and 5B	Items 8 and 11
b. Pre-opening purchases/leases	Sections 5A, 5B, 5C, 6A and 6C	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Sections 2B, 2C, 5A, 5B, 5C, 7B, and 8B	Items 5, 7, 8 and 11
d. Initial and ongoing training	Sections 7B and 7C	Items 5, 6, 11, 14 and 15
e. Opening	Section 5D	Items 5 and 11
f. Fees	Sections 5G, 5H, 6K, 7C, 8, 9, 11C(ix) and 11G	Items 5, 6 and 7
g. Compliance with standards and policies/Operating Manual	Section 6	Items 6, 7, 8, 11, 14 and 16
h. Trademarks and proprietary information	Sections 2A, 2D, 3, 6H, 10E and 10F	Items 13 and 14
i. Restrictions on products/services offered	Section 6	Items 6, 7, 8, 11, and 16
j. Warranty and customer services requirements	No provisions relating to warranty requirements. Customer services, see Sections 6 and 9C	Items 6
k. Territorial development and sales quotas	Sections 2B, 2C, 5G, and Attachment A	Item 12
l. Ongoing product/service purchases	Section 6	Items 6, 7 and 8
m. Maintenance, appearance, modernization and remodeling requirements	Section 5	Items 8 and 11
n. Insurance	Section 6P, 9C, and 10C	Items 6, 7, 8 and 16
o. Advertising	Section 6I and 8	Items 5, 6, 7, 8 and 11
p. Indemnification	Section 10B and 15K	Item 6
q. Owner's participation/management/staffing	Sections 6G, 7, 9H and 15F	Item 15
r. Records/reports	Sections 9I and 13A	Not Applicable
s. Inspections/audits	Sections 5A, 5D, 5E, 6E and 9I	Items 6, 11 and 15

Obligation		Section in Franchise Agreement	Disclosure Document Item
t.	Transfer	Section 11	Items 6 and 17
u.	Renewal	Section 4B	Items 6 and 17
v.	Post-termination obligations	Sections 10D and 14	Item 17
w.	Non-competition covenants	Section 10D	Item 17
x.	Dispute resolution	Section 12	Item 17
y.	Guarantee	Section 11C(v) and 15F	Item 15

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY

## **ITEM 10 FINANCING**

As of the date of this disclosure document we do not offer direct or indirect financing and we do not guarantee your note, lease or obligation.

We may periodically arrange with third party finance companies or banks to make financing programs available to franchisees. These arrangements ordinarily involve no more than arranging to put franchisees in contact with sources of financing available to individual franchisees. There is no assurance that financing will be offered in any particular instance. If financing is offered, the financial institution independently establishes the amount, terms, interest rate and duration. If an individual franchisee, who does not have an active relationship with Guidant, is referred to Guidant Financial of 2404 Bank Drive, Boise ID, and the individual franchisee elects a Rollover as Business Start-Up (ROBS) loan with a fee of \$4,995, Guidant will pay us a referral fee of \$1,000. Other than the foregoing, neither we nor any of our affiliates receive any payments in exchange for such referrals or the placement of any financing. It is solely your responsibility to locate and obtain, on whatever terms you can arrange, any required financing for the establishment of your Center.

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY.

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

**Except as listed below, 9Round Franchising, LLC, is not required to provide you with any assistance.**

Before you open your Center, we will:

1. Provide you with our then-current site selection criteria, and the general design for your Center (Franchise Agreement, Sections 5A and 5C).
2. Provide you with the names of approved suppliers and Approved Supplies Lists (Franchise Agreement, Section 6C).
3. Provide you with access to the Manual that details the specifications and procedures incidental to the operation of the Center. (Franchise Agreement, Section 6G). These include specifications for equipment, signs, fixtures, opening inventory, and supplies. We do not install the equipment, signs, or fixtures, but we provide installation instructions for certain items.
4. Provide the training programs described below (Franchise Agreement, Sections 7B and 7C).
5. Provide grand opening assistance (Franchise Agreement, Section 8B).

During the operation of your Center, we will:

1. Provide updates to the approved suppliers and Approved Supplies Lists (Franchise Agreement, Section 6C).
2. Evaluate your business and provide ongoing support and service as we determine necessary (Franchise Agreement, Section 6E).
3. Provide refresher training courses as we determine necessary (Franchise Agreement, Section 7C).

**Advertising and Marketing**

If you acquire franchise rights for a new Center, approximately ~~twelve (12) weeks~~three (3) months before the Center opens for business and approximately ~~eight (8) weeks~~two (2) months after the Center opens for business, you must ~~pay us and approved vendors for~~conduct local grand opening marketing. ~~If you acquire franchise rights to an existing location, commencing on a date as agreed by us after you have acquired the Center and lasting for approximately twelve (12) weeks thereafter, you must pay us and approved vendors for local new ownership marketing. After receiving your Grand Opening Marketing Fee we or our approved vendors will provide to you~~require, including digital marketing ~~services and. You must spend between \$11,000 and \$25,000 on this grand opening or new ownership marketing materials as the case may be, and in the case of new licenses, pre opening marketing materials, for promoting the launch of your Center.~~marketing, including \$1,850 that is paid directly to us.

You must use your best efforts to aggressively promote and advertise the Center in your local area and participate in any local promotional programs that we establish. On an ongoing basis, you must spend the higher of 8% of your monthly gross revenue or \$18,000 per calendar year (an average of \$1,500 per month, which may be more during peak months and less during non-peak months) on advertising or marketing that conforms to our standards and specifications. If you fail to add forty-five (45) memberships (excluding trial memberships or memberships lasting less than a full month) over any rolling three (3)-month period, we reserve the right to audit your marketing and advertising to ensure it conforms to our standards and specifications. If you have not spent the higher of 8% of your monthly gross revenue or \$4,500 per rolling three (3)-month period on Local Advertising, we reserve the right to collect the difference, through billing software, between how much you have spent in the applicable three (3)-month rolling period and the minimum

required expenditure. Any amounts that we collect will be added to the Brand Building Fund. The advertising program for the products and services offered by 9ROUND Centers currently consists of print, direct mail, digital advertising, and special promotions designed for use by franchisees in their local markets. We are not required to spend any amount on advertising in the area or territory where your franchise is located.

Any marketing material not designed or provided by us must be pre-approved; you must submit your marketing materials to us for approval prior to using (print, electronic or other forms of media) and actively promote your Center and the system through use of approved local marketing and marketing materials. We will not unreasonably withhold approval of your marketing materials, which must be factually accurate and current, dignified, up-to-date, and in good condition, and must accurately depict the 9ROUND Marks.

### Brand Building Fund

You must pay us a Brand Building Fund Fee of \$250, or 2% of Net Sales, whichever is greater, per month in the same manner and at the same time as the Royalty Fee. "Net Sales" is defined as the aggregate of all revenue from the sale of services and products from all sources in connection with the business at your Center or online whether for check, cash, credit, or otherwise (and regardless of collectability), and all proceeds from any business interruption insurance, but does not include (a) the sale price of products returned in good faith by customers of the business, (b) any sales tax or other taxes collected from customers of the business by you for remittance to the appropriate taxing authority, and (c) the value of any allowance issued or granted to any customer of the business that is credited in full or partial satisfaction of the price of any services and products offered in connection with the business. This is a fee that you pay to us, and not a contribution to an advertising fund or any kind of group or pooled advertising program. We will place all Brand Building Fund Fees we receive in the Brand Building Fund and we will manage such Fund. Upon written request, we will provide you with an annual unaudited statement of the receipts and disbursements of the Brand Building Fund for the most recent calendar year. We do not perform an audit of the Brand Building Fund. Any end-of-year surpluses in the Fund ~~in a given year~~ will carry over to the next year. In consideration for this Fee, we provide general marketing and promotional services, and other efforts to support the generation of sales appointments, for the 9ROUND brand. These services may include any or all of the following: creative development services (such as designing new logos, graphics, and promotional pieces), public relations services, 9ROUND annual conference expenses, web design and hosting services, national engine optimization, marketing and brand reputation tools and services, technology investments, digital and social media content creation, digital marketing, developing and implementing promotions, tie-ins, contests, or sweepstakes, direct mail advertising, sponsorships and endorsements, trade association memberships (such as IHRSA), and reimbursing us the costs of administering the Brand Building Fund, including employee salaries and benefits. Services may be provided by in-house personnel or third-party service providers and vendors.

The Brand Building Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the Brand Building Fund. We cannot ensure that any individual franchisee will benefit directly or on a pro rata basis from the future placement of any such advertising in its local market. We may spend in any fiscal year an amount greater or less than the aggregate contributions of System businesses to the Brand Building Fund in that year. We will determine the methods of advertising, media employed, and scope, contents, terms and conditions of advertising, marketing, promotional, and public relations campaigns and programs. Payments are accounted for as general operating revenue, and we do not provide a separate accounting for how this revenue is spent. Any end-of-year surpluses in the Brand Building Fund ~~in a given year~~ will carry over to the next year. We do not perform an audit to the Brand Building Fund nor do we make financial statements available.

For the most recently concluded fiscal year, advertising funds have been spent as follows:

Type of Expenditure	Percentage
Production	10.65%
Media Placement	31.750%
Public Relations	0%
Brand Development	0%
Marketing Software	39.9536%
Website Design	0.44%
Administrative Expenses	17.5455%
<b>Total</b>	<b>100%</b>

We are not required to spend any particular amount on marketing, advertising, or production in the area in which your Center is located. We may make loans to the Brand Building Fund bearing reasonable interest to cover any deficit of the Brand Building Fund and cause the Brand Building Fund to invest in a surplus for future use by the Brand Building Fund. Brand Building Fund Fees will not be used for advertising principally directed at the sale of franchises. The company-owned locations also contribute to the Brand Building Fund.

#### Local Marketing Fund or Cooperative; Franchisee Advertising Council

We have the right to designate, in our discretion, any geographical area in which at least two (2) 9ROUND franchises are located as a “designated advertising area” for the purposes of establishing a Local Marketing Fund that we control (“Local Marketing Fund”) or local or regional advertising cooperative controlled by its members (“Cooperative”). If a Local Marketing Fund or Cooperative is established in your market, you will be required to participate and contribute. Any amount contributed to a Local Marketing Fund or Advertising Co-op will be in addition to, and not in lieu of, the Brand Building Fund Fee. We have the right to determine the amount of contribution, in our sole judgment, provided that aggregate monthly contributions will not exceed \$750 per month (subject to adjustment for increases in the Consumer Price Index). Any contributions you make to a Local Marketing Fund or Cooperative will count toward the minimum local advertising and marketing expenditure described above.

If we have established a Cooperative in your area, you must participate in the Cooperative and its programs, execute any participating documents we require and abide by its bylaws. A Cooperative may vote to increase the required contribution amount referenced above if approved by members representing at least two-thirds of the Centers in the Cooperative. Each Center in the Cooperative will have one (1) vote. Centers owned by us and our affiliates will be a member of the Cooperative and will make the same contribution and have the same voting rights as franchised locations. Each Cooperative will be required to adopt governing bylaws that meet our approval and that we may require the Cooperative to amend from time to time. The Cooperatives must submit to us its meeting minutes on our request. All advertising cooperatives must obtain our written approval of all promotional and advertising materials, creative execution and media schedules prior to their implementation. The members of each Cooperative and their elected officers will be responsible for the administration of the Cooperative. If you wish to obtain an accounting of your local Cooperative, you may do so by submitting your request in writing to the officers of the Cooperative. We reserve the right to administer the Cooperatives’ funds and will require payment from its members via

electronic funds transfer or collected through billing software with your monthly royalties. The governing documents are available for review upon reasonable request. We reserve the right to require advertising and marketing cooperatives to be formed, changed, dissolved, or merged.

In the future, we may elect to form an advertising council composed of franchisees to advise us on advertising policies. As of the date of this disclosure document, there is no advertising council in effect for the franchise system.

### Technology System

You must acquire, maintain, and use all computer hardware and related accessories and peripheral equipment, which currently includes, but is subject to change, the point of sale system, ~~email marketing software~~, any 9Round app, body composition analyzer, music, heart rate monitor system, voice timer system, daily workout screens system, 9Round workout system, customized managed network system, security system and service, cloud-based security access, on-demand streaming service, and computer system (collectively, the “Technology System”) that we require for use by the Center, and may not use any cash registers or computer hardware, accessories, or peripheral equipment that we have not approved for use. Requirements for use may include, among other things, connection to remote servers, remote control computer software, off-site electronic repositories, high-speed internet connections, and establishment of one or more e-mail accounts.

The daily workout screens system provides a screen at each workout station that demonstrates the training for that individual station for the member to view and mimic. The system currently comprises of nine (9) screens but is subject to change. The computers download the daily workout via cloud-based software. If you choose to add the stretching station package, it includes a screen that demonstrates stretches for the member to view and mimic. If you choose to add a digital advertising screen, it is a screen that dynamically updates to display current products, promotions and services currently offered at the Center.

The voice timer system provides an automated voice and bell system of callouts to help guide the member throughout the 9ROUND workout, and is currently equipped with an interface to select settings that best fit the needs of the Center.

The 9Round workout system is software that synchronizes the daily workout system and the voice timer system.

You must: (i) use any proprietary software programs, system documentation manuals, and other proprietary materials that we provide to you in connection with your operation of the Center; (ii) input and maintain in your computer such data and information as we require in the Manual and other written directives; (iii) purchase new or upgraded software programs, system documentation manuals, and other proprietary materials at then-current prices whenever we adopt such new or upgraded programs, manuals, and materials system-wide; and (iv) purchase from our approved supplier a 9ROUND music system which is currently approximately \$100 a month for each Center, depending on the subscription package you select; (v) purchase from our approved supplier a security system and service, which includes cloud-based security access, which is currently ~~\$137~~\$140 a month (vi) purchase from one of our approved suppliers a business text messaging service, which currently ranges from \$114 to \$249 a month for a twelve (12) month commitment, though pricing may be higher if you select month-to-month and (vii) purchase from our approved supplier a customized managed network system and service, which includes regular software updates and support and is currently \$20 to \$140 a month. You must enter into all software license agreements, “terms of use” agreements, and software maintenance agreements, in the form and manner we require, and pay all fees imposed by us or any third-party software and software service providers hereunder. As technology or software is developed in the future, we may, in our sole discretion, require you to: (i) add to your Technology System memory, ports, and other accessories or peripheral equipment or additional, new, or substitute software; and (ii) replace or upgrade your Technology System and software at your sole expense.



Subject to any applicable data protection and privacy laws or rules, the Technology System will collect and compile customer identification data and other membership data. We may independently access from a remote location, at any time, all information (including member information) input to and compiled by your Technology System or an off-site server. We may independently access from a remote location, at any time, the computer system to make remote changes. We may independently access from a remote location, at any time, any camera or the security system to view and record any images and video.

The point-of-sale membership management equipment, including computer, printer, signature pad (optional), and credit card reader, costs between \$1,000 to \$1,500. The credit and debit card processing software is without initial charge at this time. Leasing is not available. You are obligated to repair and maintain all point of sale and computer systems necessary for the operation of your business. We estimate that this cost may be up to \$300 per year. You are required to update and upgrade all necessary point of sale and computer systems in response to changes in the Operating Manual, or changes in our policies that are communicated to you in writing. There are no restrictions on the frequency or cost of such updating and upgrades.

The daily workout screens system equipment is approximately \$10,000 to \$15,000 payable to approved vendors. For new licenses, the installation costs for the daily workout screens system are payable as part of the build-out costs for your new Center. For resales where you are purchasing an existing location, if not already operational at the Center, installations costs for the daily workout screens system are part of the modernization and are approximately \$2,000 to \$5,000 payable to approved vendors.

The PULSE heart rate zone system equipment initial outlay cost is approximately \$1,400 to \$2,400 for the initial outlay.

The security system equipment, including cameras, door access and door strike, panic button, and cloud-based security access is approximately ~~\$713,000~~ to ~~\$917,000~~ payable to approved vendors, and a monthly fee payable to our approved vendor, which is currently ~~\$137140~~ per month. Members will need a door entry key fob to gain entry to the Center. For new licenses, the installation costs for the security system are payable as part of the build-out costs for your new Center. For resales where you are purchasing an existing location, if the system is not already operational at the Center, installations costs for the security system are part of the modernization. The Security System initial cost (see Item 7 for more details) includes fifty (50) door entry key fobs. An additional box of door entry key fobs ~~are~~is currently \$250 each, subject to increase.

#### Site Selection

You will select the site for the Center within the Preliminary Designated Area that will be identified on the Summary Page when you sign the Franchise Agreement. You will identify a site within the Preliminary Designated Area (or if no sites are available in the Preliminary Designated Area, in proximity to it) for our approval. In evaluating the site, we will consider the following factors: twenty-four (24) hour access, demographics, visibility, ability to reflect image to be portrayed by 9ROUND businesses, accessibility and parking, and market type (rural, suburban, and urban). Our then-current criteria for site selection may include additional factors. Within fifteen (15) days after you have submitted all requested information concerning the site, we will notify you whether or not the site is approved. You must acquire a site for the Center within one hundred and twenty (120) days after the Franchise Agreement is signed, or we may terminate the Franchise Agreement (Section 2B, 13B and 13D) or, at our election, may eliminate any designated area protection afforded in the Franchise Agreement (Section 2B).

#### Typical Length of Time Before You Open Your Center

Franchisees typically begin operating their Centers within six (6) to twelve (12) months from the time they sign the Franchise Agreement or pay any consideration for the franchise. Factors that may impact this time period include the extent of your site selection activities after you sign the Franchise Agreement, local real

estate market conditions, and the time it takes to prepare a site survey, negotiate with the landlord, finalize your lease, complete leasehold improvements, and obtain necessary permits.

You must open the Center for business no later than twelve (12) months after the Franchise Agreement is signed. If you fail to open a Center within the required time period, we may terminate the Franchise agreement or, at our election, may eliminate any designated area protection afforded in the Franchise Agreement by providing you written notice.

### Manual

We will provide you with an electronic copy of our Operating Manual, which currently consists of fifty-six (56) pages and is a definitive source of information that includes brand standards and information on how to run your 9Round Center. The Table of Contents for the Operating Manual including number of pages on each subject, is included herein as Exhibit E. In addition to the Operating Manual, we also communicate operations information to franchisees through system bulletins, newsletters, and our online franchisee portal.

## **INITIAL TRAINING PROGRAM**

We will provide the following initial training to at least two (2) people in your organization. Unless we agree in writing that you may designate someone else to attend training, you (or each owner of the franchisee entity) must complete the initial training program to our satisfaction within thirty (30) days of signing your location lease. If you have a general manager, he or she must also complete training to our satisfaction. We do not charge for this training, but you must pay the travel and living expenses and supply costs for you and your employees. Our training program is five (5) days and includes:

<b>Subject</b>	<b>Classroom Hours</b>	<b>On The Job Training</b>	<b>Location</b>
The 9ROUND System	2 Hours	1 Hour	Greenville, SC or as we otherwise specify.
9ROUND Standards, Client Satisfaction and Retention	1 Hour	2 Hours	Greenville, SC or as we otherwise specify
9ROUND Workout Stations, Boxing and Kickboxing Disciplines		3 Hours	Greenville, SC or as we otherwise specify
Equipment Specifications and Cleanliness of Center	1 Hour	1 Hour	Greenville, SC or as we otherwise specify
Floor Design	1 Hour		Greenville, SC or as we otherwise specify
Safety Procedures	1 Hour	1 Hour	Greenville, SC or as we otherwise specify
Teaching Techniques	1 Hour	1 Hour	Greenville, SC or as we otherwise specify
Business Operations	1 Hour		Greenville, SC or as we otherwise specify
Kickboxology		2 Hours	Greenville, SC or as we otherwise specify
Merchandising, Supplements Product Sales, and Promotions	2 Hours		Greenville, SC or as we otherwise specify
Floor Operations and Drills	1 Hour	3 Hours	Greenville, SC or as we otherwise specify
Membership Packages and Overcoming Client Objections	1 Hour	1 Hour	Greenville, SC or as we otherwise specify
Training Clients and Workout		3 Hours	Greenville, SC or as we otherwise specify
Daily Operations and Checklists	1 Hour	1 Hour	Greenville, SC or as we otherwise specify
Technology and Web Site	1 Hour	1 Hour	Greenville, SC or as we otherwise specify
Administrative and Bookkeeping Responsibilities	2 Hours		Greenville, SC or as we otherwise specify

Subject	Classroom Hours	On The Job Training	Location
Training Clients and Workout		4 Hours	Greenville, SC or as we otherwise specify
Starting Your 9ROUND Business	1 Hour		Greenville, SC or as we otherwise specify
Marketing Your Business <del>Teto</del> Attract Clients	<del>25</del> Hours		Greenville, SC or as we otherwise specify
Strategic Planning	2 Hours		Greenville, SC or as we otherwise specify
Staffing and Working with Trainers	1 Hour		Greenville, SC or as we otherwise specify
Boxing and Kickboxing Disciplines		3 Hours	Greenville, SC or as we otherwise specify
Wrap Up and Application of Classroom and Center Trainings	2-4 Hours		Greenville, SC or as we otherwise specify
Total	<del>24-26</del> <del>27-29</del> Hours	27 Hours	

The training program will be conducted by or under the supervision of Shannon Hudson and Heather Hudson, and other instructors as we designate periodically. Shannon Hudson has been immersed in martial arts and fitness training since 1987 and has been with us since our inception in 2008. Heather Hudson has been involved in martial arts and fitness training since 2005 and has been with us since our inception in 2008. The training is subject to change.

Periodically, we may offer ongoing training programs and we may charge a fee for attending these training programs. Currently, our fee ranges from \$99 to \$500 per person, plus the wages, travel and living expenses, and supply costs for you and your employees. If our representative provides additional training at your Center, we may require you to reimburse us our related out-of-pocket costs. If you designate a new general manager after the initial training program, the new general manager must complete the training to our satisfaction. We reserve the right to charge a fee to train any replacement general manager. We have the right to develop certification programs for Center personnel who provide personal fitness instruction, teach any form of exercise, or provide any kind of fitness or nutrition instruction or counseling. If we implement a certification program for a particular service provider, the service provider must become certified and comply with all certification requirements before providing services. We may charge a fee which you must pay for providing certification-related courses and services. In addition, we may hold and require that your Principal Owner (a person who owns a 25% or greater interest in the franchisee entity) and general manager or other designated employees attend, at your expense, any conference, meeting, convention, or seminar to present new methods and programs for operation, training, management, sales, or marketing.

We currently offer a personal training service that offers boxing and kickboxing training and certification to franchise owners. Once trained by us, subject to local laws and regulations, you can offer one-on-one boxing and kickboxing themed personal training to members. You may charge a fee to members for the personal training services in addition to their monthly membership. Our current fee to you for the ~~initial training and onboarding of the personal training service is \$199. Thereafter, the current fee for ongoing training and support is \$99 per month,~~ which includes access to the dedicated personal training database in the franchisee portal, ~~which includes instructional documentation and videos.,~~ is \$500 for the initial Center and \$200 per additional Center. The initial fee ~~and ongoing fees are~~ is subject to CPI increase. We may collect the ~~fees~~ fee through billing software. Although you are not currently required to offer personal training services to members, we reserve the right to require you to offer personal training services, subject to local laws and regulations, to members and non-members in the future.

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY.

## ITEM 12 TERRITORY

When the Franchise Agreement is signed, you will select a general geographic area in which you intend to operate your Center (“Preliminary Designated Area”). We generally will approve your selection unless we determine, in our sole judgment, that it may negatively affect the interest of another 9ROUND franchisee or a franchisee from a different system we have an interest in or is otherwise unavailable for development under our current policies, including twenty-four (24) hour access.

Your Preliminary Designated Area will be identified on the Summary Page of the Franchise Agreement. Within one hundred and twenty (120) days after the Franchise Agreement is signed, you must acquire a site for the Center within the Preliminary Designated Area. If no sites are available in the Preliminary Designated Area, we generally will approve a site in proximity to the Preliminary Designated Area that meets with our then-current site selection criteria. Once you have acquired the site, we will amend the Franchise Agreement to reflect the site (which will become the Center’s “Authorized Location”) and to define your “Designated Area” around the Authorized Location. If your approved site is within the Preliminary Designated Area, your Designated Area will be substantially the same as your Preliminary Designated Area in terms of size, shape, or demographics. Once defined on Attachment A of the Franchise Agreement, your Designated Area will remain constant throughout the initial term of the franchise.

A minimum Designated Area will consist of one (1) city block and, in suburban and rural areas, may be as large as a three (3)-mile driving distance from the anticipated location. The actual size and boundaries of your Designated Area will depend upon a variety of factors, including the shared territory with another 9ROUND Center or center from a different system we have an interest in, if any; population base; median age; income level; density of population; growth trends of population; the density of residential and business entities; and major topographical features which clearly define contiguous areas, like rivers, mountains, major freeways, and underdeveloped land areas.

Unless approved by us, all membership sales must be made face-to-face, although you may solicit membership sales within your Designated Area by mail, telemarketing (so long as you abide by all applicable federal, state, and local laws and the no-call lists), and other non-face-to-face basis. You may solicit, advertise, and accept memberships online or outside your Designated Area only with our prior approval or according to our then-current policies. There are no other restrictions on your right to solicit or accept memberships inside or outside of your Designated Area. You may not sell merchandise or services through other channels of distribution such as the internet, catalog sales, telemarketing, or other direct marketing without our prior written approval.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control. During the term of this Agreement, however, neither we nor our affiliates will develop or operate, or grant to anyone else the right to develop or operate, a 9ROUND Center physically located in the Designated Area. We and our affiliates have the right to develop and operate and grant others the right to develop and operate 9ROUND Centers outside the Designated Area, regardless of their proximity to the Designated Area or any negative impact they may have on your Center. We have the right to develop and sell, or authorize others to develop and sell, online memberships for streaming live and on-demand workouts nationwide, including in your territory.

Our Affiliate 9RHC owns the I LOVE KICKBOXING™ franchise system. 9RHC offers I LOVE KICKBOXING franchises under the I LOVE KICKBOXING™ trade name, which offers boxing and kickboxing physical fitness training programs through scheduled classes in a group environment with instructional staff and which includes a proprietary system of challenging workouts. We will not operate, franchise, or license the operation of a new I LOVE KICKBOXING™ location inside your Designated Area- or authorize licensees to offer I LOVE KICKBOXING™ classes from a location inside your Designated Area.

We also have the right to develop and operate, and grant others the right to develop and operate, fitness centers and other businesses under a different trademark within and outside the Designated Area, which may be similar to or competitive with 9ROUND Centers. We will not operate, franchise, or license the operation of a fitness center with 90% or more of its business based on a boxing and kickboxing circuit training program in your Designated Area, except in connection with our acquisition of a multi-unit brand. If we acquire a multi-unit brand (through a stock purchase, asset purchase, merger, or otherwise), we or our affiliate may operate, franchise, or license the operation of the acquired brand within and outside the Designated Area without offering any rights to you.

Certain locations are by their nature unique and separate in character from sites generally developed as 9ROUND Centers (“Special Sites”). These Special Sites are excluded from the Designated Area and we have the right to develop, license or franchise Centers at these locations within or outside your Designated Area: (1) military bases; (2) public transportation facilities, including, without limitation, airports, limited access highway travel plazas and other transportation terminals; (3) sports facilities, including race tracks, big-box fitness facilities, gyms, or sports clubs; (4) student unions or other similar buildings on college or university campuses; (5) hotels, resorts, or similar short-term lodging; (6) apartment or condominium complexes; and (7) corporate office buildings or office parks.

We reserve to ourselves all other rights to use the System and Marks anywhere and in any manner including, without limitation, the right to offer, sell or distribute items such as workout and training videos, equipment, athletic gear, etc., associated with the System (now or in the future) or identified by the Marks, or any other trademarks, service marks or trade names, through any distribution channels or methods, without compensation to any franchisee. These distribution channels or methods may include, without limitation, retail stores, mail order, wholesale, or the internet (or any other existing or future form of electronic commerce). Our reserved rights also include the right to provide and to license third parties to provide the 9ROUND program, and other ancillary programs developed by or for us or our affiliates, at host locations (such as apartments, condo associations, corporate office buildings, schools, community centers, and other gyms and fitness centers).

There are no restrictions on our rights to solicit or accept orders in or outside of your Designated Area. We are not required to compensate you for soliciting or accepting orders in the Designated Area.

Except for the territorial protections described above, you may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Continuation of your Designated Area does not depend on the achievement of a certain sales volume, market penetration, or other contingency. You do not have any right to sublicense or sub-franchise within or outside of the Designated Area. You do not receive the right to acquire additional franchises within or outside of your Designated Area (although we may allow you to open another Center if you sign another Franchise Agreement with us and meet our requirements).

If you fail to acquire a site for the Center within one hundred and twenty (120) days after the Franchise Agreement is signed, instead of terminating the Agreement, we may amend the Franchise Agreement to eliminate the Authorized Location, Designated Area, or Preliminary Designated Area protection and open that area for development by us or another franchisee. If you participate in the Market Accelerator Program and fail to meet the deadlines for one or more Centers, we may eliminate the Authorized Location, Designated Area, or Preliminary Designated Area protection for the remaining Franchise Agreements for Centers yet to be developed (but not for any Center that is already open). We also may unilaterally modify your Designated Area upon renewal or if you transfer your franchise rights (see Item 17). Other than described above, we have no right to modify your territorial rights except by mutual written consent of the parties.

You may relocate your Center under certain circumstances and subject to our approval. You must pay us a relocation fee in connection with any relocation of your Center. If you need to relocate because of condemnation, destruction, or expiration or cancellation of your lease for reasons other than your breach, we will permit you to relocate the Center to a site that is acceptable to us, that is within your Designated Area, that

is reasonably suited for a Center, and that does not infringe on the rights of any other 9ROUND franchisee. The new Center must be open and operating within sixty (60) days after you discontinue operation at the present Center. If you voluntarily decide to relocate the Center, you must notify us of your intent to relocate and ensure that the present Center remains open and operating for usual business while you procure a new site within your Designated Area. Once you notify us of your proposed site, we will notify you of our approval or rejection within fifteen (15) days of receipt. Once approved, you have sixty (60) days to relocate to the newly procured site within your Designated Area, and upon closing the present Center you must open the new Center for business within seven (7) days after closing the present Center. You must comply with any other conditions that we reasonably require during the relocation process. You must pay the costs of any relocation, and we reserve the right to charge you for any reasonable costs that we incur. Upon relocation of your Center for any reason, we may modify your Designated Area, in our sole judgment, to take into account the designated areas of neighboring Centers and other factors. We have the right to refuse to consent to a relocation if you lose the right to occupy the Center premises because of the termination of your lease due to your breach.

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY.



### ITEM 13 TRADEMARKS

We own the following Marks, which are registered on the Principal Register of the U.S. Patent and Trademark Office. All required affidavits have been filed. We maintain our registrations and those Marks noted with an asterisk (\*) have been subject to the relevant Declarations of Use and Incontestability under Sections 8 and 15 of the Lanham Act.

Trademark	Register	Registration / Filing Date	Registration / Application Number
9ROUND*	Principal	July 22, 2014	4571726
		July 17, 2022	6797212
	<del>Principal</del>	<del>March 21, 2015</del>	<del>4713987</del>
9R*	Principal	May 12, 2015	4736191
		July 12, 2022	6789135
	Principal	September 22, 2015	4818919
9ROUND PULSE*	Principal	June 27, 2017	5233947
	Principal	June 27, 2017	5233948
TRAIN. TRACK. TRIUMPH.	Principal	June 27, 2017	5233949
KICKBOXOLOGY	Principal	August 7, 2018	5536965
STRONGER IN 30 MINUTES	Principal	February 12, 2019	5674684
KICKBOX DETOX	Principal	December 10, 2019	5934186
9RNOW	Principal	June 6, 2023	7076225
		December 19, 2023	7249957
		December 19, 2023	7249958
	Principal	July 12, 2022	6788322
		February 7, 2023	6970972
		June 6, 2023	7076227
9ROUNDNOW	Principal	January 17, 2023	6952528
<b>9ROUNDNOW</b>	Principal	January 17, 2023	6952531
<b>9ROUND</b>	Principal	March 14, 2023	7002025
		March 14, 2023	7002026
		March 14, 2023	7002027



There are no agreements currently in effect which significantly limit our rights to use or license the use of the marks in any manner material to you.

You may not make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing. We may change the System presently identified by the Marks including the adoption of new Marks, new program offerings, new equipment or new techniques and you must adopt the changes in the System, as if they were part of the Franchise Agreement at the time of its execution. You must comply, at your cost, within a reasonable time if we notify you to discontinue or modify your use of any Mark. We will have no liability or obligation as to your modification or discontinuance of any Mark. Any goodwill resulting from your use of the Marks inures to our benefit.

There are currently no effective material determinations by the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Marks. There are no infringing uses actually known to us that could materially affect your use of the Marks.

If there is any infringement of, or challenge to, your use of the Marks, you must immediately notify us, and we will take action that we deem appropriate. We have the right to control all administrative proceedings and litigation involving the Marks. The Franchise Agreement does not require us to take affirmative action if notified of the claim. The Franchise Agreement also does not require us to participate in your defense or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding based on your use of the Marks, or if the proceeding is resolved unfavorably to you. If we determine that a trademark infringement action requires changes or substitutions to the Marks, you must make the changes or substitutions at your own expense.

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY.

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

There are no registered copyrights or patents, or pending patent applications, material to the franchise. We claim copyright protection, however, for several elements of the System including the design elements of our Marks, and the content of our Manual, training materials, website, 9RoundNOW, daily workout screens system, voice timer system, and promotional and other materials.

There are currently no effective determinations of the Copyright Office (Library of Congress), United States Patent and Trademark Office, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition, or cancellation proceeding or any pending material litigation involving any patents or copyrights. There are no infringing uses actually known to us that could materially affect your use of the patents or copyrights.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions related to the patents or copyrights. You must notify us promptly of any infringement or unauthorized use of the patents or copyrights of which you become aware.

You must keep confidential during and after the term of the Franchise Agreement all proprietary information, including but not limited to the manuals. Upon termination of your Franchise Agreement, you must return to us all proprietary information, including but not limited to the manuals and all other copyright material. You must notify us immediately if you learn about an unauthorized use of proprietary information. We are not obligated to take any action and we have the sole right to decide the appropriate response to any unauthorized use of proprietary information. You must comply with all changes to the manuals at your cost.

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY.

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

During the term of the Franchise Agreement, you (if franchisee is an individual) or your general manager must devote sufficient time and best efforts to the management of the Center. You are expected to stay informed about our organizational plans, initiatives, and direction by regular review of communications sent to you electronically or otherwise.

You or your general manager must provide direct on-premises supervision to the Center. The general manager must complete our training course. He or she need not have any equity interest in the franchisee or the business entity that owns or operates the franchise. If he or she fails to satisfactorily complete the training program, you may designate a different individual and you must notify us immediately. We may request that you are present at the Center for any inspection or evaluation we conduct.

All officers, directors, members and all managers, instructors and other employees having access to our proprietary information must execute non-disclosure agreements in a form we accept. If we so require and subject to applicable law, your managers, instructors, and other employees receiving training must execute covenants not to compete in a form that we approve.

Any individual or entity that holds, directly or indirectly, any equity interest in the franchisee must sign a personal guaranty. If this is your second or additional franchise, your entity must sign a corporate guaranty.

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY.

**ITEM 16**  
**RESTRICTIONS ON LOCATION AND WHAT THE FRANCHISEE MAY SELL**

You must offer at the Center all of the products, equipment and services that we periodically require and you may not offer at the Center any unapproved products or use the premises for any purpose other than the operation of the Center. We have the unlimited right to change the types of authorized services you may offer.

If permitted by state and local law, you must be open for business for the numbers of days and hours we require, currently twenty-four (24) hours per day throughout the year, which includes a minimum of twenty-two (22) instructional staffed ('trainer led') hours per week, Monday to Saturday (equivalent of four (4) staffed hours per day, Monday to Friday, and two (2) staffed hours on Saturday). You may solicit and accept Memberships within your Designated Area. We may periodically negotiate contracts with corporations, affinity groups, and insurance plans that will require that certain terms or discounts be offered to members of that corporation, affinity group, or insurance plan by all franchisees at all locations ("National Accounts"). You must provide the special terms and discounts to these National Accounts. You are not otherwise limited in the customers to whom you may sell products or services.

You may not install or maintain on the Center premises any gaming, entertainment, or vending machine without our prior written approval and you must agree to participate in any vending or media program we establish for the System.

You must participate in all marketing promotions that we prescribe, including price promotions to the extent permitted by applicable law. We also have the right to establish your membership and retail prices to the extent permitted by applicable law.

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY.

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

**THE FRANCHISE RELATIONSHIP**

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

Provision		Section in Franchise or Other Agreement	Summary
a.	Length of the franchise term	Section 4A	Term is ten (10) years.
b.	Renewal or extension of the term	Section 4B	Renewal for one (1) additional <del>ten</del> <u>five</u> (5)-year term.
c.	Requirements for franchisee to renew or extend	Section 4B	You must meet our then-current criteria and qualifications for new franchising; you must give us written notice of your decision to renew at least six (6) months but not more than twelve (12) months before the end of the expiring term; you must sign our then-current form of Franchise Agreement, the terms and conditions of which may be materially different than the terms and conditions of our current Franchise Agreement and which may contain terms less favorable to you, including different fees and a different Designated Area, and, as applicable, a renewal instrument amending relevant terms of the new Franchise Agreement, or an instrument extending for the duration of the renewal term, all covenants, conditions and provisions of your existing Franchise Agreement; you must pay a renewal fee; you must have complied with the modernization requirements for your Center; you are not in default and have satisfied your obligations on a timely basis; if leasing, you have written proof of your ability to remain in possession of the Center premises throughout the renewal term and provide any then-required lease addendum; you comply with our training requirements; and you sign a release (provided that any release will not be inconsistent with any state law regulating franchising).

Provision		Section in Franchise or Other Agreement	Summary
<del>D</del> d.	Termination by franchisee	Section 13B	You may terminate the Franchise Agreement only for a material breach by us, provided you give us written notice of the breach and allow at least sixty (60) days' notice and opportunity to cure such breach and, if not cured, wait ninety (90) days from the original notice of breach before terminating the Franchise Agreement. This provision is subject to state laws.
e.	Termination by franchisor without cause	Not applicable	Not applicable.
f.	Termination by franchisor with cause	Sections 13A	We can terminate the Franchise Agreement only if you default or fail to comply with your obligations.
g.	"Cause" defined – curable defaults	Sections 13A and 13B	You have ten (10) days to cure the non-submission of reports and non-payment of amounts due and owing; seven (7) days to cure defaults relating to misuse of our Marks and the sale of unauthorized products and services; and thirty (30) days to cure defaults for the failure to abide by our other standards and requirements in connection with the operation of your business, and any other default not listed in h below.

Provision		Section in Franchise or Other Agreement	Summary
h.	“Cause” defined – non-curable defaults	Sections 13A and 13B	Non-curable defaults include: failure to acquire a site for the Center within one hundred and twenty (120) days after the Franchise Agreement is signed, or to open the Center for business within nine (9) months after the Franchise Agreement is signed, abandonment, loss of lease, the failure to timely cure a default under the lease, the loss of your right of possession or failure to relocate, closing of Center, insolvency, unapproved assignments or transfers, convictions, intentionally understating or underreporting Memberships or fees, multiple defaults, or failure to cure within seven (7) days of notice a default which materially impairs the goodwill associated with any of our Marks. We also may terminate the franchise agreement in the event of (1) termination, on account of your default, of any other franchise agreement between you or your affiliate and us or (2) abandonment or unauthorized closure of any other Center operated under a franchise agreement between you or your affiliate and us.
i.	Franchisee’s obligations on termination/non-renewal	Sections 10D and 14A-C	Obligations include complete de-identification and payment of amounts due, assignment of your lease to us upon our demand, assignment to us of your telephone numbers, return of manuals and proprietary materials, refunding members, and our right to purchase assets of the Center (also see ( o ) and ( r ) below).
j.	Assignment of contract by franchisor	Section 11F	No restriction on our right to assign.
k.	“Transfer” by franchisee – defined	Section 11A	Includes any transfer of your interest in the Franchise Agreement or in the business or any ownership change listed in Section 11A of the Franchise Agreement.
l.	Franchisor approval of transfer by franchisee	Section 11B	We have the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	Sections 11B-D	Transferee meets all of our then-current requirements for one of the franchise development programs then being offered, transferee must sign our then-current form of

Provision		Section in Franchise or Other Agreement	Summary
			Franchise Agreement, the terms and conditions of which may be materially different than the terms and conditions of our current Franchise Agreement and which may contain terms less favorable to the transferee, including different fees and a different Designated Area; all amounts owed by prior franchisee paid, required modernization is completed, training completed, required guaranties signed, necessary financial reports and other data on franchise business is prepared, and release signed by you (provided release will not be inconsistent with any state law regulating franchising (also see ( r ) below).
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 11E	We can match any offer for your Center assets and, in the case of a proposed stock sale, we can purchase your Center assets at a price determined by an appraiser, unless you and we agree otherwise.
o.	Franchisor's option to purchase franchisee's business	Section 14B	Upon expiration or termination, we have the right to assume your lease for the Center premises, to assume all membership contracts, to assume all telephone numbers used in connection with the operation of your Center, and to purchase or designate a third party that will purchase all or any portion of the assets of your Center, including the equipment, fixtures, signs, furnishings, supplies, leasehold improvements and inventory. Qualified appraiser(s) will determine price as described in the Franchise Agreement.
p.	Death or disability of franchisee	Section 11D	You can transfer your franchise right to your heir or successor in interest like any other transfer, but if assignee is an existing franchisee, your spouse or your child, no initial Franchise Fee is required.



Provision		Section in Franchise or Other Agreement	Summary
q.	Non-competition covenants during the term of the franchise	Section 10D	No direct or indirect involvement in the operation of any big box fitness center or a fitness center, club, studio, online fitness service, or exercise facility featuring boxing, kickboxing, or circuit training program in the United States, other than the one (1) authorized in the Franchise Agreement. Non-compliance provisions are subject to state law.
<del>Rr</del> .	Non-competition covenants after the franchise is terminated or expired	Section 10D	No direct or indirect involvement in a competing business for eighteen (18) years at the premises of the former Center; within ten (10) miles of the former Center; within any other franchisee's Designated Area; or within ten (10) miles of any other business or Center using the System. Non-compliance provisions are subject to state law.
s.	Modification of agreement	Section 15B	We reserve the right to modify parts of this Agreement such as the Marks or your Designated Area as we deem appropriate.
<del>Tt</del> .	Integration/merger clause	Section 15B	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable. We do not disclaim any representations made in this Franchise Disclosure Document.
u.	Dispute resolution by mediation	Section 12A	Except for certain claims, all disputes must first be submitted to mediation.
v.	Choice of forum	Section 15I	Litigation must be in the city where our corporate headquarters are located (currently, Simpsonville, South Carolina), except as restricted or prohibited by applicable state law regulating franchising.
w.	Choice of law	Section 15H	South Carolina law governs construction of the Franchise Agreement and the parties' relationship, except as restricted or prohibited by applicable state law regulating franchising.

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY.

**ITEM 18**  
**PUBLIC FIGURES**

We currently do not use any public figure to promote our franchise; however, in the future and in our sole discretion, we may use social media influencers to promote the 9ROUND brand.

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY.

## 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 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.

### ~~MEMBERSHIP NUMBERS AS OF DECEMBER 31, 2023 FOR THE 271 9ROUND CENTERS IN OPERATION FOR THE FULL 12 MONTHS OF 2023~~

~~The charts below reflect historical membership information concerning the 271 franchised Centers that were open and operating in the United States for at least the full 12-month period ending December 31, 2023. We have not included the 4 Centers that opened in 2023, and we have not included the 90 Centers that closed in 2023.~~

### ~~Chart 1.1 Calculated Average and Median Per Member Per Month on an Aggregate Dollar Value Basis<sup>1</sup>~~

	Average Members <sup>2</sup>	Median Members	Average Monthly AUV <sup>3</sup> (\$)	Median Monthly AUV (\$)	Average PMPM <sup>4</sup> (\$)	Median PMPM (\$)
<del>Centers in 1<sup>st</sup> Quartile<sup>5</sup></del>	<del>180</del>	<del>171</del>	<del>19,925.62</del>	<del>17,684.79</del>	<del>110.80</del>	<del>103.72</del>
<del>Centers in 2<sup>nd</sup> Quartile<sup>5</sup></del>	<del>126</del>	<del>118</del>	<del>12,925.32</del>	<del>12,853.49</del>	<del>102.49</del>	<del>108.74</del>
<del>Centers in 3<sup>rd</sup> Quartile<sup>5</sup></del>	<del>106</del>	<del>99</del>	<del>9,947.30</del>	<del>10,100.01</del>	<del>93.87</del>	<del>102.15</del>
<del>Centers in 4<sup>th</sup> Quartile<sup>5</sup></del>	<del>79</del>	<del>77</del>	<del>6,375.38</del>	<del>6,436.14</del>	<del>80.95</del>	<del>83.68</del>
<del>Highest Performing Center<sup>6</sup></del>	<del>327</del>	<del>-</del>	<del>38,048.38</del>	<del>-</del>	<del>116.44</del>	<del>-</del>
<del>Lowest Performing Center<sup>7</sup></del>	<del>87</del>	<del>-</del>	<del>2,142.25</del>	<del>-</del>	<del>24.65</del>	<del>-</del>

~~Note 1. The figures reflected in Chart 1.1 were compiled from unaudited information reported to us by franchisees. We have not independently verified any of the sales information upon which this financial performance representation is based.~~

~~Note 2. "Average Members" is the average number of members in each Center throughout the full 12-month period and averaged over the relevant quartile.~~

~~Note 3. "AUV" means "average unit volume", which is the average monthly aggregate gross sales of the Centers.~~

Note 4. “PMPM” means “per member per month”, which is the average membership fee per member per month.

Note 5. Of the total number of 271 Centers, there are 68 Centers in the 1<sup>st</sup> quartile, 68 Centers in the 2<sup>nd</sup> quartile, 68 Centers in the 3<sup>rd</sup> quartile, and 67 Centers in the 4<sup>th</sup> quartile.

Note 6. The Highest Performing Center is based on the highest AUV. This Center has been open since May 2016.

Note 7. The Lowest Performing Center is based on the lowest AUV. This Center opened in November 2017.

**Chart 1.2**  
**Number and Percentage of Centers that Met or Exceeded**  
**the Averages from Chart 1.1 as of December 31, 2023<sup>1</sup>**

	Number of Centers that Met or Exceeded Average Members	Percentage of Centers that Met or Exceeded Average Members	Number of Centers that Met or Exceeded Average AUV	Percentage of Centers that Met or Exceeded Average AUV	Number of Centers that Met or Exceeded PMPM	Percentage of Centers that Met or Exceeded PMPM
Centers in 1 <sup>st</sup> Quartile <sup>2</sup>	30	44%	22	32%	35	51%
Centers in 2 <sup>nd</sup> Quartile <sup>2</sup>	28	41%	33	49%	36	53%
Centers in 3 <sup>rd</sup> Quartile <sup>2</sup>	28	41%	38	56%	39	57%
Centers in 4 <sup>th</sup> Quartile <sup>2</sup>	32	48%	35	52%	39	58%

Note 1. The figures reflected in Chart 1.2 were compiled from unaudited information reported to us by franchisees. We have not independently verified any of the sales information upon which this financial performance representation is based.

Note 2. Of the total number of 271 Centers, there are 68 Centers in the 1<sup>st</sup> quartile, 68 Centers in the 2<sup>nd</sup> quartile, 68 Centers in the 3<sup>rd</sup> quartile, and 67 Centers in the 4<sup>th</sup> quartile.

**Chart 1.3**  
**Averaged Maximum and Minimum Membership Count**  
**and Averaged Maximum and Minimum Monthly AUV<sup>1</sup>**

	Averaged Maximum Number of Members <sup>2</sup>	Averaged Minimum Number of Members <sup>3</sup>	Averaged Maximum Monthly AUV(\$)	Averaged Minimum Monthly AUV(\$)
Centers in 1 <sup>st</sup> Quartile <sup>4</sup>	327	96	38,048.38	15,229.05
Centers in 2 <sup>nd</sup> Quartile <sup>4</sup>	232	77	15,114.98	11,293.30
Centers in 3 <sup>rd</sup> Quartile <sup>4</sup>	212	73	11,277.76	8,238.30
Centers in 4 <sup>th</sup> Quartile <sup>4</sup>	144	44	8,237.66	2,142.25

~~Note 1. The figures reflected in Chart 3 were compiled from unaudited information reported to us by franchisees. We have not independently verified any of the sales information upon which this financial performance representation is based.~~

~~Note 2. “Averaged Maximum Number of Members” is maximum member count in the relevant quartile from the average number of members at each Center throughout the full 12-month period.~~

~~Note 3. “Averaged Minimum Number of Members” is the minimum member count in the relevant quartile from the average number of members at each Center throughout the full 12-month period.~~

~~Note 4. Of the total number of 271 Centers, there are 68 Centers in the 1<sup>st</sup> quartile, 68 Centers in the 2<sup>nd</sup> quartile, 68 Centers in the 3<sup>rd</sup> quartile, and 67 Centers in the 4<sup>th</sup> quartile.~~

**~~MEMBERSHIP NUMBERS FOR THE 41 9ROUND CENTERS  
OPERATING THE 24-HOUR MODEL AS OF MARCH 31, 2024  
IN OPERATION FOR THE FULL 15-MONTH PERIOD  
OF JANUARY 1, 2023 TO MARCH 31, 2024~~**

The charts below reflect historical membership information concerning the 41 franchised Centers that were operating the 24-hour model as of March 31, 2024 and were open and operating in the United States for the full 15-month period of January 1, 2023 to March 31, 2024. These Centers have not been operating the 24-hour model for the full 15-month period. As of March 31, 2024, the longest amount of time a Center presented in the charts below was operating the 24-hour model was ten (10) months and the shortest amount of time a Center presented in the charts below was operating the 24-hour model was one (1) month.

**~~Chart 2.1  
Calculated Average and Median Per Member Per Month  
on an Aggregate Dollar Value Basis<sup>1</sup>~~**

	<b><del>Average Members<sup>2</sup></del></b>	<b><del>Median Members</del></b>	<b><del>Average Monthly AUV<sup>3</sup> (\$)</del></b>	<b><del>Median Monthly AUV (\$)</del></b>	<b><del>Average PMPM<sup>4</sup> (\$)</del></b>	<b><del>Median PMPM (\$)</del></b>
<b><del>Centers in 1<sup>st</sup> Quartile<sup>5</sup></del></b>	181	166	21,917.36	19,851.36	120.79	119.59
<b><del>Centers in 2<sup>nd</sup> Quartile<sup>5</sup></del></b>	143	140	13,487.02	13,354.84	94.25	95.39
<b><del>Centers in 3<sup>rd</sup> Quartile<sup>5</sup></del></b>	100	97	10,663.67	10,641.05	106.74	110.27
<b><del>Centers in 4<sup>th</sup> Quartile<sup>5</sup></del></b>	84	81	7,092.49	7,151.75	84.23	88.29
<b><del>Highest Performing</del></b>	288	-	37,683.22	-	131.25	-
<b><del>Lowest Performing</del></b>	26	-	4,235.19	-	73.88	-

~~Note 1. The figures reflected in Chart 2.1 were compiled from unaudited information reported to us by franchisees. We have not independently verified any of the sales information upon which this financial performance representation is based.~~

~~Note 2. “Average Members” is the average number of members in each Center throughout the full 12-month period and averaged over the relevant quartile.~~

~~Note 3. “AUV” means “average unit volume”, which is the average monthly aggregate gross sales of the Centers.~~

Note 4. “PMPM” means “per member per month”, which is the average membership fee per member per month.

Note 5. Of the total number of 41 Centers, there are 11 Centers in the 1<sup>st</sup> quartile, 10 Centers in the 2<sup>nd</sup> quartile, 10 Centers in the 3<sup>rd</sup> quartile, and 10 Centers in the 4<sup>th</sup> quartile.

Note 6. The Highest Performing Center is based on the highest AUV. This Center has been open since August 2014 and has been operating the 24-hour model since December 2023.

Note 7. The Lowest Performing Center is based on the lowest AUV. This Center has been open since February 2020 and has been operating the 24-hour model since June 2023.

**Chart 2.2**  
**Number and Percentage of Centers that Met or Exceeded**  
**the Averages from Chart 2.1 as of March 31, 2024<sup>1</sup>**

	Number of Centers that Met or Exceeded Average Members	Percentage of Centers that Met or Exceeded Average Members	Number of Centers that Met or Exceeded Average AUV	Percentage of Centers that Met or Exceeded Average AUV	Number of Centers that Met or Exceeded PMPM	Percentage of Centers that Met or Exceeded PMPM
Centers in 1 <sup>st</sup> Quartile <sup>2</sup>	3	27%	4	36%	4	69%
Centers in 2 <sup>nd</sup> Quartile <sup>2</sup>	4	40%	4	40%	5	50%
Centers in 3 <sup>rd</sup> Quartile <sup>2</sup>	4	40%	5	50%	5	50%
Centers in 4 <sup>th</sup> Quartile <sup>2</sup>	4	40%	6	60%	5	50%

Note 1. The figures reflected in Chart 2.2 were compiled from unaudited information reported to us by franchisees. We have not independently verified any of the sales information upon which this financial performance representation is based.

Note 2. Of the total number of 41 Centers, there are 11 Centers in the 1<sup>st</sup> quartile, 10 Centers in the 2<sup>nd</sup> quartile, 10 Centers in the 3<sup>rd</sup> quartile, and 10 Centers in the 4<sup>th</sup> quartile.

**Chart 2.3**  
**Averaged Maximum and Minimum Membership Count**  
**and Averaged Maximum and Minimum Monthly AUV<sup>1</sup>**

	Averaged Maximum Number of Members <sup>2</sup>	Averaged Minimum Number of Members <sup>3</sup>	Averaged Maximum Monthly AUV(\$)	Averaged Minimum Monthly AUV(\$)
Centers in 1 <sup>st</sup> Quartile <sup>4</sup>	288	120	37,683.22	15,233.78
Centers in 2 <sup>nd</sup> Quartile <sup>4</sup>	215	107	14,961.86	12,253.72
Centers in 3 <sup>rd</sup> Quartile <sup>4</sup>	133	72	11,977.67	9,084.97
Centers in 4 <sup>th</sup> Quartile <sup>4</sup>	121	26	8,828.03	4,235.19

~~Note 1. The figures reflected in Chart 2.3 were compiled from unaudited information reported to us by franchisees. We have not independently verified any of the sales information upon which this financial performance representation is based.~~

~~Note 2. “Averaged Maximum Number of Members” is maximum member count in the relevant quartile from the average number of members at each Center throughout the full 15-month period.~~

~~Note 3. “Averaged Minimum Number of Members” is the minimum member count in the relevant quartile from the average number of members at each Center throughout the full 15-month period.~~

~~Note 4. Of the total number of 41 Centers, there are 11 Centers in the 1<sup>st</sup> quartile, 10 Centers in the 2<sup>nd</sup> quartile, 10 Centers in the 3<sup>rd</sup> quartile, and 10 Centers in the 4<sup>th</sup> quartile.~~

~~Some outlets have attained these results. Your individual results may differ. There is no assurance that you will earn as much.~~

~~Written substantiation for the financial performance representation will be made available to you upon reasonable request.~~

~~Other than the preceding financial performance representation, we do not make any financial performance representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If~~However, 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 ~~Shannon Hudson, 847 NE Main Street, Simpsonville, South Carolina 29681, (864) 962-4600; legal@strikingbrands.com,~~ the Federal Trade Commission, and the appropriate state regulatory agencies.

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY.



**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table 1**  
**Systemwide Outlet Summary**  
**For Years ~~2021~~2022 to ~~2024~~2023**

Outlet Type	Year	Outlets <del>and</del> <sup>at</sup> the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	<del>2022</del> 2021	<del>439</del> <sup>1</sup> 487	438365	-4974
	<del>2023</del> 2022	<del>365</del> 439 <sup>1</sup>	365275	-7490
	<del>2024</del> 2023	365275	275199	-9076
Company Owned	<del>2022</del> 2021	76	6	-10
	<del>2023</del> 2022	6	64	0-2
	<del>2024</del> 2023	64	41	-23
Total Outlets	<del>2022</del> 2021	<del>445</del> <sup>1</sup> 494	444371	-5074
	<del>2023</del> 2022	<del>371</del> 445 <sup>1</sup>	371279	-7492
	<del>2024</del> 2023	371279	279200	-9279

Note 1: Variations due to previous years' miscounts.

**Table 2**  
**Transfers of Outlets from Franchisees to New Owners (other than Franchisor)**  
**For Years ~~2021~~2022 to ~~2024~~2023**

State	Year	Number of Transfers
Alabama	<del>2022</del> 2021	01
	<del>2023</del> 2022	13
	<del>2024</del> 2023	31
Arizona	<del>2022</del> 2021	0
	<del>2023</del> 2022	01
	<del>2024</del> 2023	10
California	<del>2022</del> 2021	63
	<del>2023</del> 2022	31
	<del>2024</del> 2023	10
Colorado	<del>2022</del> 2021	1
	<del>2023</del> 2022	10
	<del>2024</del> 2023	0
Connecticut	<del>2022</del> 2021	0
	<del>2023</del> 2022	0
	<del>2024</del> 2023	0
Delaware	<del>2022</del> 2021	0
	<del>2023</del> 2022	0
	<del>2024</del> 2023	0
Florida	<del>2022</del> 2021	43
	<del>2023</del> 2022	32
	<del>2024</del> 2023	2
Georgia	<del>2022</del> 2021	0

State	Year	Number of Transfers
	<del>2023</del> <del>2022</del>	<del>0</del> <del>1</del>
	<del>2024</del> <del>2023</del>	<del>1</del> <del>0</del>
Illinois	<del>2022</del> <del>2021</del>	<del>0</del> <del>1</del>
	<del>2023</del> <del>2022</del>	<del>1</del> <del>0</del>
	<del>2024</del> <del>2023</del>	0
Indiana	<del>2022</del> <del>2021</del>	<del>1</del> <del>0</del>
	<del>2023</del> <del>2022</del>	0
	<del>2024</del> <del>2023</del>	<del>0</del> <del>1</del>
Iowa	<del>2022</del> <del>2021</del>	0
	<del>2023</del> <del>2022</del>	0
	<del>2024</del> <del>2023</del>	0
Kansas	<del>2022</del> <del>2021</del>	0
	<del>2023</del> <del>2022</del>	0
	<del>2023</del> <del>2024</del>	0
Kentucky	<del>2022</del> <del>2021</del>	0
	<del>2023</del> <del>2022</del>	0
	<del>2023</del> <del>2024</del>	0
Maryland	<del>2022</del> <del>2021</del>	<del>0</del> <del>1</del>
	<del>2023</del> <del>2022</del>	<del>1</del> <del>0</del>
	<del>2023</del> <del>2024</del>	0
Massachusetts	<del>2022</del> <del>2021</del>	1
	<del>2023</del> <del>2022</del>	<del>1</del> <del>0</del>
	<del>2023</del> <del>2024</del>	<del>0</del> <del>2</del>
Michigan	<del>2022</del> <del>2021</del>	0
	<del>2023</del> <del>2022</del>	<del>0</del> <del>1</del>
	<del>2023</del> <del>2024</del>	<del>1</del> <del>0</del>
Minnesota	<del>2022</del> <del>2021</del>	<del>0</del> <del>1</del>
	<del>2023</del> <del>2022</del>	1
	<del>2023</del> <del>2024</del>	<del>1</del> <del>0</del>
Missouri	<del>2022</del> <del>2021</del>	<del>3</del> <del>2</del>
	<del>2023</del> <del>2022</del>	<del>2</del> <del>3</del>
	<del>2023</del> <del>2024</del>	<del>3</del> <del>0</del>
Nebraska	<del>2022</del> <del>2021</del>	0
	<del>2023</del> <del>2022</del>	0
	<del>2023</del> <del>2024</del>	0

State	Year	Number of Transfers
Nevada	<del>2022</del> <del>2021</del>	<del>10</del>
	<del>2023</del> <del>2022</del>	0
	<del>2023</del> <del>2024</del>	<del>0</del>
New Hampshire	<del>2022</del> <del>2021</del>	<del>0</del>
	<del>2023</del> <del>2022</del>	<del>20</del>
	<del>2023</del> <del>2024</del>	0
New York	<del>2022</del> <del>2021</del>	0
	<del>2023</del> <del>2022</del>	0
	<del>2023</del> <del>2024</del>	0
North Carolina	<del>2022</del> <del>2021</del>	<del>4</del>
	<del>2023</del> <del>2022</del>	2
	<del>2023</del> <del>2024</del>	<del>2</del>
Ohio	<del>2022</del> <del>2021</del>	0
	<del>2023</del> <del>2022</del>	<del>0</del>
	<del>2023</del> <del>2024</del>	<del>10</del>
Oregon	<del>2022</del> <del>2021</del>	0
	<del>2023</del> <del>2022</del>	0
	<del>2023</del> <del>2024</del>	0
Pennsylvania	<del>2022</del> <del>2021</del>	<del>10</del>
	<del>2023</del> <del>2022</del>	0
	<del>2023</del> <del>2024</del>	0
South Carolina	<del>2022</del> <del>2021</del>	<del>20</del>
	<del>2023</del> <del>2022</del>	0
	<del>2023</del> <del>2024</del>	0
South Dakota	<del>2022</del> <del>2021</del>	0
	<del>2023</del> <del>2022</del>	0
	<del>2023</del> <del>2024</del>	0
Tennessee	<del>2022</del> <del>2021</del>	<del>0</del>
	<del>2023</del> <del>2022</del>	1
	<del>2023</del> <del>2024</del>	<del>10</del>
Texas	<del>2022</del> <del>2021</del>	<del>9</del>
	<del>2023</del> <del>2022</del>	<del>36</del>
	<del>2023</del> <del>2024</del>	<del>6</del>
Utah	<del>2022</del> <del>2021</del>	<del>0</del>
	<del>2023</del> <del>2022</del>	<del>10</del>
	<del>2023</del> <del>2024</del>	0
Virginia	<del>2022</del> <del>2021</del>	<del>0</del>
	<del>2023</del> <del>2022</del>	<del>2</del>
	<del>2023</del> <del>2024</del>	1
Washington	<del>2022</del> <del>2021</del>	2
	<del>2023</del> <del>2022</del>	<del>20</del>
	<del>2023</del> <del>2024</del>	2

State	Year	Number of Transfers
Wisconsin	<del>2022</del> 2021	<del>10</del>
	<del>2023</del> 2022	0
	<del>2023</del> 2024	0
Total	<del>2022</del> 2021	<del>36</del> 27
	<del>2023</del> 2022	27
	<del>2023</del> 2024	<del>27</del> 11

**Table 3**  
**Status of Franchise Outlets**  
**For Years ~~2021~~2022 to ~~2024~~2023**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Alabama	<del>2022</del>	<del>11</del> 8	0	<del>40</del>	0	0	<del>02</del>	<del>86</del>
	<del>2023</del>	<del>86</del>	0	0	0	0	<del>20</del>	6
	<del>2023</del>	6	0	<del>02</del>	0	0	0	<del>64</del>
Arizona	<del>2021</del>	<del>76</del>	0	<del>1</del> 0	0	0	<del>01</del>	<del>65</del>
	<del>2023</del>	<del>65</del>	0	<del>02</del>	0	0	<del>10</del>	<del>53</del>
	<del>2023</del>	<del>53</del>	0	<del>21</del>	0	0	0	<del>32</del>
Arkansas	<del>2022</del>	3	0	<del>01</del>	0	0	0	<del>32</del>
	<del>2022</del>	<del>32</del>	0	<del>10</del>	0	0	0	2
	<del>2023</del>	2	0	0	0	0	0	2
California	<del>2022</del>	<del>72</del> 69	<del>52</del>	<del>7</del> 3	0	0	<del>14</del>	<del>69</del> 64
	<del>2023</del>	<del>69</del> 64	<del>21</del>	<del>310</del>	0	0	<del>46</del>	<del>64</del> 49
	<del>2023</del>	<del>64</del> 49	1	<del>108</del>	<del>03</del>	0	<del>60</del>	<del>49</del> 39
Colorado	<del>2022</del>	<del>12</del> 11	<del>21</del>	0	0	0	<del>30</del>	<del>11</del> 12
	<del>2023</del>	<del>11</del> 12	<del>10</del>	<del>05</del>	0	0	<del>01</del>	<del>12</del> 6
	<del>2023</del>	<del>126</del>	0	<del>53</del>	0	0	<del>10</del>	<del>63</del>
Connecticut	<del>2022</del>	3	0	<del>01</del>	0	0	<del>02</del>	<del>30</del>
	<del>2023</del>	<del>30</del>	0	<del>10</del>	0	0	<del>20</del>	0
	<del>2023</del>	0	0	0	0	0	0	0
Delaware	<del>2022</del>	<del>54</del>	0	<del>1</del> 0	0	0	0	4
	<del>2022</del>	4	0	<del>02</del>	0	0	0	<del>42</del>
	<del>2023</del>	<del>42</del>	0	<del>21</del>	0	0	0	<del>21</del>
District of Columbia	<del>2022</del>	1	0	0	0	0	0	1
	<del>2023</del>	1	0	0	0	0	0	1
	<del>2023</del>	1	0	0	0	0	0	1
Florida	<del>2022</del>	<del>51</del> 50	<del>21</del>	<del>2</del> 7	0	0	<del>15</del>	<del>50</del> 39
	<del>2023</del>	<del>50</del> 39	<del>10</del>	<del>79</del>	0	0	<del>54</del>	<del>39</del> 24
	<del>2023</del>	<del>39</del> 24	<del>01</del>	<del>97</del>	<del>23</del>	0	<del>41</del>	<del>24</del> 14
Georgia	<del>2022</del>	<del>16</del> 13	<del>10</del>	<del>3</del> 1	0	0	<del>13</del>	<del>13</del> 9
	<del>2023</del>	<del>139</del>	0	<del>14</del>	0	0	<del>31</del>	<del>94</del>

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
	<del>2023</del>	<del>94</del>	0	<del>40</del>	0	0	<del>10</del>	4
Idaho	<del>2022</del>	1	0	<del>01</del>	0	0	0	<del>10</del>
	<del>2023</del>	<del>10</del>	0	<del>10</del>	0	0	0	0
	<del>2023</del>	0	0	0	0	0	0	0
Illinois	<del>2022</del>	<del>119</del>	0	<del>10</del>	0	0	<del>10</del>	9
	<del>2023</del>	9	<del>01</del>	<del>01</del>	0	0	0	9
	<del>2023</del>	9	<del>10</del>	<del>10</del>	0	0	0	9
Indiana	<del>2022</del>	<del>1110</del>	0	<del>112</del>	0	0	0	<del>108</del>
	<del>2023</del>	<del>108</del>	0	<del>20</del>	0	0	0	8
	<del>2023</del>	8	0	<del>02</del>	0	0	0	<del>86</del>
Iowa	<del>2022</del>	<del>23</del>	<del>10</del>	0	0	0	0	3
	<del>2023</del>	3	0	<del>01</del>	0	0	0	<del>32</del>
	<del>2023</del>	<del>32</del>	0	<del>10</del>	0	0	0	2
Kansas	<del>2022</del>	<del>8<sup>27</sup></del>	0	<del>01</del>	0	0	0	<del>76</del>
	<del>2023</del>	<del>76</del>	0	1	0	0	<del>01</del>	<del>64</del>
	<del>2023</del>	<del>64</del>	0	1	0	0	<del>10</del>	<del>43</del>
Kentucky	<del>2022</del>	1	0	0	0	0	0	1
	<del>2023</del>	1	0	<del>01</del>	0	0	0	<del>10</del>
	<del>2023</del>	<del>10</del>	0	<del>10</del>	0	0	0	0
Louisiana	<del>2022</del>	2	0	<del>01</del>	0	0	0	<del>21</del>
	<del>2023</del>	<del>21</del>	0	1	0	0	0	<del>10</del>
	<del>2023</del>	<del>10</del>	0	<del>10</del>	0	0	0	0
Maine	<del>2022</del>	0	0	0	0	0	0	0
	<del>2023</del>	0	0	0	0	0	0	0
	<del>2023</del>	0	0	0	0	0	0	0
Maryland	<del>2022</del>	3	0	0	0	0	0	3
	<del>2023</del>	3	0	0	0	0	0	3
	<del>2023</del>	3	0	0	0	0	0	3
Massachusetts	<del>2022</del>	<del>54</del>	<del>10</del>	0	0	0	<del>20</del>	4
	<del>2023</del>	4	<del>01</del>	<del>01</del>	0	0	0	4
	<del>2023</del>	4	<del>10</del>	<del>10</del>	0	0	0	4
Michigan	<del>2022</del>	<del>84</del>	0	<del>01</del>	0	0	<del>40</del>	<del>43</del>
	<del>2023</del>	<del>43</del>	0	1	0	0	0	<del>32</del>
	<del>2023</del>	<del>32</del>	0	1	0	0	0	<del>21</del>
Minnesota	<del>2022</del>	<del>75</del>	0	0	0	0	<del>21</del>	<del>54</del>
	<del>2023</del>	<del>54</del>	0	0	0	0	<del>10</del>	4
	<del>2023</del>	4	0	<del>01</del>	0	0	0	<del>43</del>
Missouri	<del>2022</del>	<del>21<sup>2</sup>15</del>	0	<del>310</del>	0	0	<del>40</del>	15
	<del>2021</del>							
	<del>2023</del>	15	0	<del>03</del>	<del>01</del>	0	0	<del>1511</del>
	<del>2022</del>							

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
	<del>2023</del> 2024	<del>1511</del>	0	<del>31</del>	1	0	0	<del>149</del>
Montana	<del>2022</del> 2021	3	0	0	0	0	0	3
	<del>2023</del> 2022	3	0	<del>01</del>	0	0	<del>01</del>	<del>31</del>
	<del>2023</del> 2024	<del>31</del>	0	1	0	0	<del>10</del>	<del>10</del>
Nebraska	<del>2022</del> 2021	<del>6<sup>2</sup>5</del>	0	0	0	0	0	5
	<del>2023</del> 2022	5	0	<del>01</del>	0	0	0	<del>53</del>
	<del>2023</del> 2024	<del>53</del>	0	<del>12</del>	0	0	<del>10</del>	<del>31</del>
Nevada	<del>2022</del> 2021	4	0	0	0	0	0	4
	<del>2023</del> 2022	4	0	<del>01</del>	0	0	0	<del>43</del>
	<del>2023</del> 2024	<del>43</del>	0	1	0	0	0	<del>32</del>
New Hampshire	<del>2022</del> 2021	<del>109</del>	0	<del>02</del>	0	0	<del>13</del>	<del>94</del>
	<del>2023</del> 2022	<del>94</del>	0	<del>20</del>	0	0	<del>30</del>	4
	<del>2023</del> 2024	4	0	<del>01</del>	0	0	0	<del>43</del>
New Jersey	<del>2022</del> 2021	<del>31</del>	0	<del>1<sup>+</sup>0</del>	0	0	<del>10</del>	1
	<del>2023</del> 2022	1	0	0	0	0	<del>01</del>	<del>10</del>
	<del>2023</del> 2024	<del>10</del>	0	0	0	0	<del>10</del>	0
New Mexico	<del>2022</del> 2021	0	0	0	0	0	0	0
	<del>2023</del> 2022	0	0	0	0	0	0	0
	<del>2023</del> 2024	0	0	0	0	0	0	0
New York	<del>2022</del> 2021	6	0	0	0	0	0	6
	<del>2023</del> 2022	6	0	0	0	0	0	6
	<del>2023</del> 2024	6	0	<del>01</del>	0	0	0	<del>65</del>
North Carolina	<del>2022</del> 2021	<del>28<sup>3</sup>29</del>	<del>01</del>	<del>1<sup>+</sup>4</del>	0	0	<del>01</del>	<del>2925</del>
	<del>2023</del> 2022	<del>2925</del>	<del>10</del>	<del>42</del>	0	0	<del>10</del>	<del>2523</del>
	<del>2023</del> 2024	<del>2523</del>	0	<del>21</del>	0	0	0	<del>2322</del>

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
North Dakota	<del>2022</del> <del>2021</del>	0	0	0	0	0	0	0
	<del>2023</del> <del>2022</del>	0	0	0	0	0	0	0
	<del>2023</del> <del>2024</del>	0	0	0	0	0	0	0
Ohio	<del>2022</del> <del>2021</del>	<del>128</del>	0	<del>4</del> <sup>+3</sup>	0	0	0	<del>85</del>
	<del>2023</del> <del>2022</del>	<del>85</del>	0	<del>30</del>	0	0	0	5
	<del>2023</del> <del>2024</del>	5	0	<del>0</del> <sub>1</sub>	0	0	0	<del>54</del>
Oklahoma	<del>2022</del> <del>2021</del>	0	0	0	0	0	0	0
	<del>2023</del> <del>2022</del>	0	0	0	0	0	0	0
	<del>2023</del> <del>2024</del>	0	0	0	0	0	0	0
Oregon	<del>2022</del> <del>2021</del>	3	0	0	0	0	0	3
	<del>2023</del> <del>2022</del>	3	0	<del>0</del> <sub>1</sub>	0	0	0	<del>32</del>
	<del>2023</del> <del>2024</del>	<del>32</del>	0	1	0	0	0	<del>21</del>
Pennsylvania	<del>2022</del> <del>2021</del>	<del>53</del>	0	<del>1</del> <sup>+0</sup>	0	0	<del>10</del>	3
	<del>2023</del> <del>2022</del>	3	0	0	0	0	0	3
	<del>2023</del> <del>2024</del>	3	0	0	0	0	0	3
South Carolina	<del>2022</del> <del>2021</del>	<del>141</del> <sub>1</sub>	<del>0</del> <sub>1</sub>	<del>0</del> <sub>1</sub>	0	1	<del>2</del> <sub>1</sub>	<del>14</del> <sub>9</sub>
	<del>2023</del> <del>2022</del>	<del>149</del>	<del>10</del>	1	0	<del>10</del>	1	<del>97</del>
	<del>2023</del> <del>2024</del>	<del>97</del>	0	<del>12</del>	<del>02</del>	0	<del>10</del>	<del>73</del>

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
South Dakota	<u>2022</u>	<u>31</u>	0	0	0	0	<u>20</u>	1
	<u>2023</u>	1	0	0	0	0	0	1
	<u>2023</u>	1	0	<u>01</u>	0	0	0	<u>40</u>
Tennessee	<u>2022</u>	<u>43</u>	0	<u>1+0</u>	0	0	0	3
	<u>2023</u>	3	0	0	0	0	0	3
	<u>2023</u>	3	<u>01</u>	<u>01</u>	0	0	0	3
Texas	<u>2022</u>	<u>84<sup>2</sup>82</u>	<u>31</u>	<u>2+12</u>	0	0	<u>413</u>	<u>8258</u>
	<u>2023</u>	<u>8258</u>	<u>40</u>	<u>4216</u>	0	0	<u>431</u>	<u>5841</u>
	<u>2023</u>	<u>5841</u>	0	<u>4613</u>	<u>02</u>	0	1	<u>4125</u>
Utah	<u>2022</u>	3	0	0	0	0	0	3
	<u>2023</u>	3	0	0	0	0	0	3
	<u>2023</u>	3	0	<u>03</u>	0	0	0	<u>30</u>
Vermont	<u>2022</u>	<u>01</u>	<u>40</u>	0	0	0	0	1
	<u>2023</u>	1	0	0	0	0	0	1
	<u>2023</u>	1	0	<u>01</u>	0	0	0	<u>40</u>
Virginia	<u>2022</u>	<u>10<sup>3</sup>8</u>	0	<u>41</u>	0	0	0	<u>87</u>
	<u>2023</u>	<u>87</u>	0	1	0	0	0	7
	<u>2023</u>	7	<u>40</u>	<u>42</u>	0	0	0	<u>75</u>
Washington	<u>2022</u>	13	0	0	0	0	0	13
	<u>2023</u>	13	0	<u>02</u>	<u>01</u>	0	<u>02</u>	<u>438</u>
	<u>2023</u>	<u>438</u>	<u>01</u>	<u>24</u>	<u>40</u>	0	<u>20</u>	<u>85</u>
Wisconsin	<u>2022</u>	<u>4614</u>	0	<u>02</u>	0	0	<u>20</u>	<u>4412</u>
	<u>2023</u>	<u>4412</u>	0	<u>20</u>	<u>01</u>	0	<u>01</u>	<u>4210</u>
	<u>2023</u>	<u>4210</u>	0	<u>01</u>	1	0	<u>40</u>	<u>408</u>
Totals	<u>2021</u>	<u>487439</u>	<u>467</u>	<u>3444</u>	0	1	<u>3236</u>	<u>438<sup>2</sup>365</u>
	<u>2023</u>	<u>439</u>	<u>74</u>	<u>4468</u>	0	<u>40</u>	<u>3621</u>	<u>365275</u>
	<u>2023</u>	<u>365275</u>	4	<u>6866</u>	<u>512</u>	0	<u>242</u>	<u>275199</u>

Note 1: These franchisees voluntarily abandoned their 9Round Center.

Note 2: Variations due to previous years' miscounts.

Note 3: Washington D.C. Center incorrectly recorded in Virginia count prior to 2021.

**Table 4**  
**Status of Company-Owned Outlets**  
**For Years 20212022 to 20232024**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
South Carolina	<u>2021</u> <u>2022</u>	<u>76</u>	0	1	<u>21</u>	0	6
	<u>2023</u> <u>2022</u>	6	0	<u>40</u>	<u>42</u>	0	<u>64</u>



State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
	<del>2023</del> 2024	<del>64</del>	0	0	<del>23</del>	0	<del>41</del>
Totals	<del>2021</del> 2022	<del>76</del>	0	1	<del>21</del>	0	6
	<del>2023</del> 2022	6	0	<del>10</del>	<del>12</del>	0	<del>64</del>
	20232024	<del>64</del>	0	0	<del>23</del>	0	<del>41</del>

**Table 5**  
**Projected New Franchised Outlets**  
**As of December 31, ~~2023~~2024**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Alabama	3	0	0
Alaska	0	0	0
<del>Arizona</del>	<del>1</del>	<del>1</del>	<del>0</del>
Arkansas	0	0	0
<del>Arizona</del>	<del>1</del>	<del>1</del>	<del>0</del>
California	<del>13</del> 12	3	0
Colorado	5	0	0
Delaware	1	0	0
District of Columbia	0	0	0
Florida	7	3	0
Georgia	0	0	0
Hawaii	0	0	0
Idaho	0	0	0
Illinois	3	0	0
Indiana	0	0	0
Iowa	0	0	0
Kansas	1	<del>0</del> 1	0
Kentucky	0	0	0
Louisiana	0	0	0
Maine	0	0	0
Maryland	0	0	0
Massachusetts	0	0	0
Michigan	0	0	0
Minnesota	6	0	0
Mississippi	0	0	0
Missouri	0	<del>0</del> 1	0
Montana	0	0	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Nebraska	0	0	0
Nevada	0	0	0
New Hampshire	0	0	0
New Jersey	1	0	0
New Mexico	0	0	0
New York	1	0	0
North Carolina	1	<del>0</del> 1	0
North Dakota	0	0	0
Ohio	3	0	0
Oklahoma	0	0	0
Oregon	1	0	0
Pennsylvania	0	0	0
Rhode Island	0	0	0
South Carolina	0	0	0
South Dakota	0	0	0
Tennessee	<del>2</del> 1	<del>4</del> 0	0
Texas	<del>17</del> 16	<del>3</del> 1	0
Vermont	0	0	0
Virginia	1	0	0
Washington	<del>4</del> 2	<del>4</del> 0	0
Wisconsin	0	0	0
Total	<del>74</del> 66	11	0

Attached at Exhibit D is a list of 9ROUND Centers open as of December 31, ~~2023~~2024 and a list of franchisees who are in the process of opening Centers. Exhibit D also includes a list of franchisees who have left the system within the last fiscal year or who have not communicated with us within ten (10) weeks of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisee has signed, within the last three (3) years, a confidentiality clause with us that would restrict the franchisee's ability to openly communicate with you.

There is a 9ROUND Franchisee Advisory Council (FAC) which is currently comprised of ~~ten (10)~~nine (9) members representing various geographic areas: eight (8) U.S. 9ROUND franchisees, ~~one (1) Canadian 9ROUND Franchisee~~, and one (1) 9ROUND franchisor representative. Currently, ~~six (6)~~five (5) franchisee members are nominated and elected each year following 9ROUND's~~our~~ annual World Convention or by any other process as may be announced by us, including by email. One (1) franchisee member shall be the Executive Choice Nominee ~~and~~ selected by our Chief Executive Officer. Any person who owns an interest in a 9ROUND franchise is eligible for nomination, selection, and membership, provided that they meet certain criteria found in the FAC By-laws. Qualified persons may be nominated by franchisees or by others, including 9ROUND management. Each member will be selected for a one (1) year term. To ensure continuity from year to year, two (2) franchisee members from the prior year's FAC will be selected by 9ROUND as members for the following year's FAC.

**ITEM 21**  
**FINANCIAL STATEMENTS**

Attached to this disclosure document as Exhibit B are our audited balance sheets as of December 31, ~~2023~~2024, December 31, ~~2023~~2022, and December 31, ~~2021~~2022, and the related consolidated statements of operations and comprehensive income, and changes in member equity and cash flows for the years then ended.

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY.

**ITEM 22**  
**CONTRACTS**

This disclosure document includes a sample of the following contracts:

- Exhibit C - Franchise Agreement, Sample Renewal Addendum, and State Specific Addenda
- Exhibit F - Sample Membership Agreement
- Exhibit G - Sample Form of General Release Agreement

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY.

**ITEM 23**  
**RECEIPTS**

Attached to this disclosure document in Exhibit H are two detachable acknowledgments of receipt.

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY.

## STATE APPENDIX TO DISCLOSURE DOCUMENT

### **FOR THE STATE OF CALIFORNIA**

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

The California Corporations Code, Section 31125, requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

Item 3 of the disclosure document is supplemented by the following:

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

Item 6 of the disclosure document is supplemented by the following:

Interest	12% per annum or the highest lawful interest rate in California, currently 10% per annum	Upon demand	Payable only if you fail to pay amounts owed to us when due.
----------	--	-------------	--

Item 17 of the disclosure document is supplemented by the following:

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

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

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 *et seq.*).

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires application of the laws of South Carolina. This provision may not be enforceable under California law.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

While the earnings claims figures do reflect historical gross sales ranges, they do not reflect all operating expenses or other costs and expenses that must be deducted from gross sales to obtain net

income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

Our website can be found at [www.9round.com](http://www.9round.com). OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

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.

#### ***FOR THE STATE OF ~~HAWAII~~***

~~THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.~~

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

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

#### ***FOR THE STATE OF ~~ILLINOIS~~***

Notwithstanding the provisions of the Franchise Agreement that South Carolina law shall govern, Illinois law shall apply to and govern any claim between the parties under the Franchise Agreement that alleges violation of the Act.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

~~The Special Risks to Consider About This Franchise page of the disclosure document is supplemented by the following:~~

~~**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.~~

Item 1 of the disclosure document is supplemented by the following paragraphs:

The Illinois Physical Fitness Facility Medical Emergency Preparedness Act requires that a physical fitness facility (which excludes any facility serving less than 100 individuals or that does not employ any persons to provide instruction, training, or assistance for persons using the facility) have at least one automated external defibrillator (AED) and ensure that there is a trained AED user on staff and present during all staffed hours. Other provisions apply. See 210 ILCS 74 *et seq.*

The Illinois Dance Studio Act (which applies to any person or business entity which contract with members of the general public to provide dance studio services, including instruction, training or assistance in dancing, the use of studio facilities, membership in any group formed by a dance studio, and participation in dance competitions or showcases) requires that every contract for dance studio services be in writing and its contents must conform to the Act's requirements. The Act provides for contract execution, cancellation and refund. Other provisions apply. See 815 ILCS 610 *et seq.*

#### **FOR THE STATE OF MARYLAND**

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.

Item 17 of the disclosure document is supplemented by the following:

- (a) Any release or waiver provision contained in the Franchise Agreement or any release required as a condition of the sale, renewal, and/or assignment/transfer of the franchise shall not apply to any liability incurred under the Maryland Franchise Registration and Disclosure Law (the "Maryland Franchise Law").
- (b) Any claims arising under the Maryland Franchise Law must be brought within three years after the grant of the franchise;
- (c) Any provision in the Franchise Agreement requiring litigation in a forum outside the State of Maryland will not limit any rights you may have under the Maryland Franchise Law to bring suit in the State of Maryland.

#### **FOR THE STATE OF MINNESOTA**

Item 13 of the disclosure document is supplemented by the following:



The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols ("Marks") or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred that you incur in the defense of your right to use the Marks, so long as you were using the Marks in the manner that we authorized, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

Item 17 of the disclosure document is supplemented by the following:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that (1) a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

To the extent that any condition, stipulation, or provision contained in the Franchise Agreement (including any choice of law provision) purports to require any person who, at the time of acquiring a franchise is a resident of Minnesota, or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota, to waive compliance with the Minnesota Franchises Law, such condition, stipulation, or provision may be void and unenforceable under the non-waiver provision of the Minnesota Franchises Law.

~~1. 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.~~

#### **FOR THE STATE OF NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
  - B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
  - C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
  - D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order or any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.
3. The following is added to the end of the "Summary" sections of Item 17(c), titled **"Requirements for franchisee to renew or extend,"** and Item 17(m), entitled **"Conditions for franchisor approval of transfer"**:
- However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.
4. The following language replaces the "Summary" section of Item 17(d), titled **"Termination by franchisee"**: You may terminate the agreement on any grounds available by law.
5. The following is added to the end of the "Summary" sections of Item 17(v), titled **"Choice of forum,"** and Item 17 (w), titled **"Choice of law"**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

#### **FOR THE STATE OF NORTH DAKOTA**

1. The Securities Commissioner for the State of North Dakota has held that the provisions stated below in (a) through (h) are unfair, unjust, or inequitable to North Dakota Franchisees (Section 51-19-09, N.D.C.C.) and may be unenforceable under North Dakota Law:

- (a) A provision requiring a North Dakota franchisee to sign a general release upon renewal of the Franchise Agreement;
- (b) A provision requiring a North Dakota franchisee to consent to termination penalties or liquidated damages;
- (c) A provision requiring a North Dakota franchisee to consent to the jurisdiction of courts outside the state of North Dakota;
- (d) A provision requiring a choice of law contrary to the North Dakota Franchise Investment Law;
- (e) A provision restricting the time in which a North Dakota franchisee may make a claim to less than the applicable North Dakota statute of limitations;
- (f) A provision calling for the waiver by a North Dakota franchisee of the right to trial by jury;
- (g) A provision requiring a North Dakota franchisee to consent to a waiver of exemplary and punitive damages; and
- (h) A provision requiring the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the Franchise Agreement.

2. North Dakota Century Code Section 9-08-06 subjects covenants not to compete to the provisions of that statute. The covenants not to compete contained within the Franchise Agreement are subject to Section 9-08-06 and may be unenforceable under North Dakota law.

3. The site of any mediation of the parties' disputes shall be at a site mutually agreeable to all parties. If all parties cannot agree upon a location, mediation shall be Fargo, North Dakota.

#### ***FOR THE STATE OF RHODE ISLAND***

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

#### ***FOR THE COMMONWEALTH OF VIRGINIA***

Item 1 of the disclosure document is supplemented by the following:

Health spas in Virginia are regulated by the Department of Agriculture, Office of Consumer Affairs who can be reached at (804)786-1343.

Item 6 of the disclosure document is supplemented by the following:

Any securities offered or sold by the Investor Franchisee as part of the 9Round Franchising, LLC franchise must either be registered or exempt from registration under Section 13.1-514 of the Virginia Securities Act.

Item 17 of the Franchise Disclosure Document is amended as follows:

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document for 9Round Franchising, LLC, for use in the Commonwealth of Virginia is supplemented by the following:

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

~~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.~~

#### ***FOR THE STATE OF WASHINGTON***

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

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

~~In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, 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 the franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.~~

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

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

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

~~RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchisee agreement or elsewhere are void and unenforceable in Washington.~~

**Use of Franchise Brokers.** ~~The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.~~

~~Pursuant to RCW 19.100.010(7), WAC 460-82, and Franchise Act Policy Statement 6, franchisees that are paid a fee or commission for referral services may be required to register as franchise brokers in Washington. RCW 19.100.010(7) defines a "franchise broker" as "a person who directly or indirectly~~

~~engages in the business of the offer or sale of franchises” and excludes “a franchisor, subfranchisor, or their officers, directors, or employees”. In addition, RCW 19.100.010(12) defines “offer” as “every attempt or offer to dispose of or solicitation of an offer to buy a franchise or an interest in a franchise”. Further, Franchise Act Policy Statement 6 states that, “A person who receives a commission or other transactional-based compensation in connection with the offer or sale of a franchise would generally be considered a franchise broker; ... A person who offers or sells two or more franchises is generally presumed to be a franchise broker...”.~~

~~Therefore, Franchisees who receive fees or commissions for referral services may be required to register as franchise brokers under the laws of Washington State.~~

### **FOR THE STATE OF WISCONSIN**

Item 17 of the disclosure document is supplemented by the following:

For franchisees subject to the Wisconsin Fair Dealership Law, Ch. 135, Stats., provisions in the Fair Dealership Law supersede any inconsistent provisions of the Franchise Agreement or a related contract.

**EXHIBIT A**  
**LIST OF STATE ADMINISTRATORS**  
**LIST OF AGENTS FOR SERVICE OF PROCESS**

## ***LIST OF STATE ADMINISTRATORS***

### **California**

Department of Financial Protection and Innovation  
320 West 4th Street, Suite 750  
Los Angeles, California 90013  
(866) 275-2677

### **Hawaii**

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

### **Illinois**

Office of Attorney General  
500 S. Second Street  
Springfield, Illinois 62706  
(217) 782-4465

### **Indiana**

Franchise Section, Securities Division  
302 W. Washington St., Room E-111  
Indianapolis, Indiana 46204  
(317) 232-6681

### **Maryland**

Office of Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202  
(410) 576-7042

### **Michigan**

Department of Attorney General  
Consumer Protection Division  
Attn: Franchise Section  
525 W. Ottawa Street  
G. Mennen Williams Bldg., 1<sup>st</sup> Floor  
Lansing, Michigan 48913  
(517) 373-7117

### **Minnesota**

Department of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101-2198  
(651) 539-1600

### **New York**

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21st Floor  
New York, New York 10005  
(212) 416-8236

### **North Dakota**

North Dakota Securities Department  
600 East Blvd. Avenue  
State Capitol, Fifth Floor Dept. 414  
Bismarck, North Dakota 58505-0510  
(701) 328-4712

### **Oregon**

Division of Consumer and Business Services  
350 Winter St. N.E. Labor & Industries Bldg., Rm 21  
Salem, Oregon 97310  
(503) 378-4387

### **Rhode Island**

Department of Business Regulation  
Securities Division  
1511 Pontiac Avenue, Bldg. 68-2  
Cranston, Rhode Island 02920  
(401) 462-9527

### **South Dakota**

Department of Labor and Regulation  
Securities Regulation  
124 S. Euclid, Suite 104  
Pierre, South Dakota 57501  
(605) 773-3563

### **Virginia**

State Corporation Commission  
Division of Securities and Retail Franchising  
1300 East Main Street, 9<sup>th</sup> Floor  
Richmond, Virginia 23219  
(804) 371-9051

### **Washington**

Department of Financial Institutions, Securities Div.  
150 Israel Road, S.W.  
Tumwater, Washington 98501  
(360) 902-8760

### **Wisconsin**

Division of Securities  
Department of Financial Institutions  
4822 Madison Yards Way, North Tower  
Madison, WI 53705  
(608) 266-8559

## ***LIST OF AGENTS FOR SERVICE OF PROCESS***

### **California**

Commissioner of Financial Protection and Innovation  
320 West 4th Street, Suite 750  
Los Angeles, California 90013

### **Hawaii**

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

### **Illinois**

Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706

### **Indiana**

Indiana Secretary of State  
302 W. Washington St., Room E-018  
Indianapolis, Indiana 46204

### **Maryland**

Maryland Securities Commissioner  
Office of the Attorney General  
200 St. Paul Place  
Baltimore, Maryland 21202-2020

### **Michigan**

Michigan Department of Attorney General  
Consumer Protection Division  
Franchise Section  
525 W. Ottawa Street  
G. Mennen Williams Bldg., 1<sup>st</sup> Floor  
Lansing, Michigan 48913

### **Minnesota**

Commissioner of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101-2198

### **New York**

New York Department of State  
One Commerce Plaza  
99 Washington Avenue, 6<sup>th</sup> Floor  
Albany, New York 12231

### **North Dakota**

Securities Commissioner  
600 East Boulevard Avenue, 5<sup>th</sup> Floor  
Bismarck, North Dakota 58505

### **Oregon**

Director  
Department of Consumer and Business Services  
Division of Finance and Corporate Securities  
Labor and Industries Building  
Salem, Oregon 97310

### **Rhode Island**

Director of Department of Business Regulation  
1511 Pontiac Avenue, Bldg. 68-2  
Cranston, Rhode Island 02920

### **South Dakota**

Director  
Department of Labor and Regulation  
Securities Regulation  
124 S. Euclid, Suite 104  
Pierre, South Dakota 57501

### **Virginia**

Clerk of the State Corporation Commission  
1300 East Main Street, 1<sup>st</sup> Floor  
Richmond, Virginia 23219

### **Washington**

Director  
Department of Financial Institutions  
150 Israel Road, S.W.  
Tumwater, Washington 98501

### **Wisconsin**

Commissioner of Securities  
4822 Madison Yards Way, North Tower  
Madison, Wisconsin 53705



**EXHIBIT B**  
**FINANCIAL STATEMENTS**

# 9Round Franchising, LLC

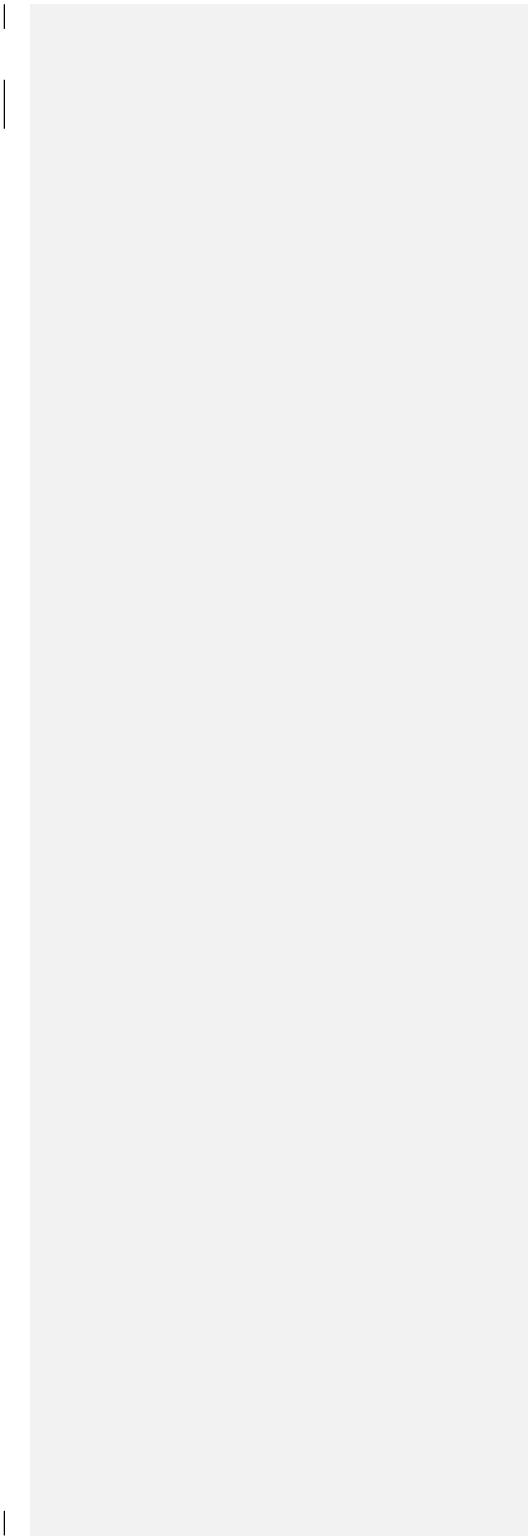
## *Report on Consolidated Financial Statements*

*For the years ended December 31, ~~2023~~2024 and ~~2022~~2023*

**9Round Franchising, LLC**  
**Contents**

	<b>Page</b>
<b>Independent Auditor's Report.....</b>	<b>1-2</b>
<b>Independent Auditor's Report .....</b>	<b>1-2</b>
<b>Consolidated Financial Statements</b>	
<b>Consolidated Balance Sheets .....</b>	<b>3</b>
<b>Consolidated Balance Sheets .....</b>	<b>3</b>
<b>Consolidated Statements of Operations and Comprehensive Income .....</b>	<b>4</b>
<b>Consolidated Statements of Changes in Members' Equity .....</b>	<b>5</b>
<b>Consolidated Statements of Cash Flows.....</b>	<b>6</b>
<b>Notes to Consolidated Financial Statements .....</b>	<b>7-23</b>
<u>Consolidated Statements of Operations and Comprehensive Income (Loss) .....</u>	<u>4</u>
<u>Consolidated Statements of Changes in Members' Equity .....</u>	<u>5</u>
<u>Consolidated Statements of Cash Flows .....</u>	<u>6</u>
<u>Notes to Consolidated Financial Statements .....</u>	<u>7-22</u>

elliott davis





## Independent Auditor's Report

To the Members-  
9Round Franchising,  
LLC  
Simpsonville, South Carolina

### Opinion

We have audited the consolidated financial statements of 9Round Franchising, LLC and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the related consolidated statements of operations and comprehensive income, (loss), changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the "financial statements").

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

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

[elliottdavis.com](http://elliottdavis.com)

[Augusta](#) | [Bengaluru](#) | [Charleston](#) | [Charlotte](#) | [Chattanooga](#) | [Columbia](#) | [Greenville](#) | [Nashville](#) | [Raleigh](#) | [elliottdavis.com](http://elliottdavis.com)

## Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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



Greenville, South Carolina  
April 26, 2024 | 4, 2025

**Consolidated Balance Sheets****As of December 31, 2023****Assets****Current assets****Cash and cash equivalents**

Trade accounts receivable, net	995,005	812,150
Employee Retention Credit receivable (Note 10)	-	1,126,204
Inventory, net	1,337,218	1,797,655
Prepaid expenses	290,132	399,394
Current portion of deferred franchise costs	632,756	447,853
Due from related parties	20,843	172,452
Current portion of notes receivables	17,554	13,939
Total current assets	8,458,109	9,429,143

**Noncurrent assets**

Property and equipment, net	2,455,964	2,446,253
Operating lease right-of-use assets	902,475	1,194,662
Intangibles, net	28,234	37,646
Deferred franchise costs, net of current portion	851,814	1,506,314
Deferred tax asset	19,448	55,010
Notes receivable, less current portion	7,935	22,603
Other assets	4,884	4,886
Total noncurrent assets	4,270,754	5,267,374
Total assets	12,728,863	14,696,517

**Assets****Current assets**

Cash and cash equivalents	\$ 2,539,261	\$ 5,164,601
Trade accounts receivable, net	1,081,123	995,005
Inventory, net	1,353,660	1,337,218
Prepaid expenses	269,787	290,132
Current portion of deferred franchise costs	217,810	632,756
Due from related parties	42,843	20,843
Income taxes receivable	2,089	-
Current portion of notes receivables	90,595	17,554
Other current assets	69,094	-
Total current assets	5,666,262	8,458,109

**Noncurrent assets**

Property and equipment, net	2,138,082	2,455,964
Operating lease right-of-use assets	644,481	902,475
Intangibles, net	18,820	28,234
Deferred franchise costs, net of current portion	618,989	851,814
Goodwill, net	697,462	-
Deferred tax asset	-	19,448
Notes receivable, less current portion	-	7,935
Other assets	2,000	4,884
Total noncurrent assets	4,119,834	4,270,754
Total assets	\$ 9,786,096	\$ 12,728,863

**Liabilities and Members' Equity**

Deleted Cells

Deleted Cells

\$ 5,164,601 \$ 4,659,496

~~Current liabilities~~

Current liabilities

Accounts payable	\$ 273,188	\$ 369,335
Accrued expenses	214,100	376,996
Income taxes payable	211,945	4,749
Current portion of deferred franchise revenue	744,483	1,108,611
Current portion of finance lease liabilities	28,043	24,939
Current portion of operating lease liabilities	224,217	248,430
Other current liabilities	214,390	392,828
Total current liabilities	1,910,366	2,525,888

Long-term liabilities

Deferred franchise revenue, net of current portion	2,749,381	3,658,898
Operating lease liabilities, net of current portion	440,733	674,918
Finance lease liabilities, net of current portion	1,940,341	1,968,384
Total long-term liabilities	5,130,455	6,302,200
Total liabilities	7,040,821	8,828,088

Accounts payable	\$ 369,335	\$ 364,109
Accrued expenses	376,996	505,473
Income taxes payable	4,749	5,637
Current portion of deferred franchise revenue	1,108,611	1,270,772
Current portion of finance lease liabilities	24,939	21,993
Current portion of operating lease liabilities	248,430	289,989
Other current liabilities	392,828	2,745,275

Total current liabilities and members' equity

2,525,888 \$ 9,786,096

Inserted Cells  
U, / / 5

Inserted Cells

See Notes to Consolidated Financial Statements



Long-term liabilities

Deferred franchise revenue, net of current portion	9Round Franchising, LLC
Operating lease liabilities, net of current portion	Consolidated Statements of Operations and Comprehensive
Income (Loss)	
Finance lease liabilities, net of current portion	1,968,384
Total long-term liabilities	6,302,200
Total liabilities	8,828,088
Members' equity	3,900,775
Total liabilities and members' equity	For the years ended December 31, 2024 and 2023

Deleted Cells

Deleted Cells

1,993,323

8,319,747

10,949,495

3,747,022

Deleted Cells

Deleted Cells



	2024	2023
<b>Revenues</b>		
Franchise fee revenue	\$ 1,565,020	\$ 2,373,700
Master and area license fee revenue	310,011	379,946
Royalty revenue	2,474,908	2,495,083
Fee revenue	2,954,659	3,483,147
Product revenue	2,351,032	2,574,905
Rebate revenue	923,469	1,134,432
Other revenue	990,516	1,051,810
Total revenues	11,569,615	13,493,023
<b>Operating expenses</b>		
Advertising and marketing	1,148,754	1,533,476
Depreciation and amortization	531,914	411,585
Commissions	610,210	708,159
Professional fees	1,033,432	712,269
Personnel costs	2,867,287	3,706,458
Other operating expenses	4,081,805	3,323,276
Total operating expenses	10,273,402	10,395,223
(Loss) income from operations	(311,611)	1,179,395
<b>Other income (expense)</b>		
Interest expense	(78,311)	(79,217)
Interest income	60,135	106,739
Unrealized foreign currency gain (loss)	(31,890)	20,733
Loss on disposal of property, plant and equipment	(149,320)	(4,001)
Other income, net	74,624	28,321
Total other income (expense), net	(124,762)	72,575
(Loss) income before income taxes	(436,373)	1,251,970
<b>Cost of sales</b>		
Consolidated Statements of Operations and Comprehensive Income	1,607,824	1,918,405
<b>Income tax expense</b>	231,393	42,055
<b>For the years ended December 31, 2023 and 2022</b>	<b>(667,766)</b>	<b>1,209,915</b>
Net (loss) income		
<b>Other comprehensive income (loss)</b>		
Changes in cumulative translation adjustments	34,405	(38,977)
Total comprehensive (loss) income	\$ (633,361)	\$ 1,170,938

## Round Franchising, LLC

### Revenues

Franchise fee revenue	\$ 2,373,700
Master and area license fee revenue	379,946
Royalty revenue	2,495,083
Fee revenue	2,715,273
Product revenue	2,574,905
Rebate revenue	1,902,306
Other revenue	1,051,810
Total revenues	13,493,023

### Cost of product revenue

1,918,405

### Operating expenses

Advertising and marketing	1,533,476
Depreciation and amortization	411,585
Commissions	708,159
Professional fees	712,269
Personnel costs	3,706,458
Other operating expenses	3,323,276
Total operating expenses	10,395,223
Income from operations	1,179,395

### Other income (expense)

Interest expense	(79,217)
Interest income	106,739
Unrealized foreign currency gain (loss)	20,733
Loss on disposal of property, plant and equipment	(4,001)
Gain on forgiveness of Paycheck Protection Program loan	-
Employee Retention Credit income (Note 10)	-
Other income, net	28,321
Total other (expense) income, net	72,575
Income before income taxes	1,251,970

### Income tax expense

42,055

### Net income

1,209,915

### Other comprehensive income (loss)

### Consolidated Statements of Changes in cumulative translation adjustments Members' Equity

### Total comprehensive income For the years ended December 31, 2024 and 2023

	Accumulated Other Comprehensive Loss	Accumulated Earnings	Total Members' Equity
Balance, January 1, 2023	\$ (15,154)	\$ 3,762,176	\$ 3,747,022

See Notes to Consolidated Financial Statements

Deleted Cells

Deleted Cells

Deleted Cells

Deleted Cells

Distributions to members	:	(1,017,185)	(1,017,185)
Net income	:	1,209,915	1,209,915
Other comprehensive loss	(38,977)	=	(38,977)
<b>Balance, December 31, 2023</b>	(54,131)	3,954,906	3,900,775
Distributions to members	:	(522,139)	(522,139)
Net loss	:	(667,766)	(667,766)
Other comprehensive income	34,405	=	34,405
<b>Balance, December 31, 2024</b>	\$ (19,726)	\$ 2,765,001	\$ 2,745,275

## 9Round Franchising, LLC

### Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

	2024	2023
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ (667,766)	\$ 1,209,915
Adjustments to reconcile net income (loss) to net cash (used for) provided by operating activities:		
Depreciation and amortization	531,914	411,587
Loss on disposal of property and equipment	149,320	4,101
Write-off of uncollectible notes and long-term receivables	6,235	-
Provision for credit losses	183,169	81,663
Deferred taxes	18,747	37,513
Interest expense on finance lease liabilities	78,311	79,217
Changes in operating assets and liabilities:		
Trade accounts receivable	(263,124)	863,767
Inventories, net	(16,442)	460,437
Prepaid expenses	10,188	117,804
Deferred franchise costs	486,379	785,660
Due from related parties	(22,000)	-
Operating lease ROU assets and lease liabilities, net	(404)	2,199
Other current assets	(69,094)	-
Other assets	2,886	-
Accounts payable	(98,114)	4,844
Accrued expenses	(169,201)	(139,675)
Income taxes payable	204,629	558
Deferred franchise revenue	(1,213,545)	(2,235,628)
Due to related parties	-	54,254
Other current liabilities	(178,438)	221,053
Net cash provided by (used for) operating activities	(1,026,350)	1,959,269
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(290,532)	(415,985)
Acquisition of business	(750,000)	-
Issuance of notes receivable	-	(5,320)
Collections on notes receivable	38,659	16,373
Net cash used for investing activities	(1,001,873)	(404,932)
<b>Cash flows from financing activities</b>		
Principal payments on finance leases	(103,250)	(101,210)
Distributions to members	(522,139)	(1,017,185)
Net cash used for financing activities	(625,389)	(1,118,395)
Net increase (decrease) in cash and cash equivalents	(2,653,612)	435,942
Exchange rate effect on cash and cash equivalents	28,272	69,163
Cash and cash equivalents, beginning of year	5,164,601	4,659,496
Cash and cash equivalents, end of year	\$ 2,539,261	\$ 5,164,601
<b>Supplemental disclosure</b>		
Cash paid for interest	\$ 78,311	\$ 79,217
Cash paid for income taxes	\$ 6,273	\$ 8,121
Sale of master franchise agreement financed by seller with note receivable	\$ 110,000	\$ -

See Notes to Consolidated Financial Statements

*Consolidated Statements of Changes in Members' Equity*  
*For the years ended December 31, 2023 and 2022*

## 9Round Franchising

	Accumulated Other Comprehensive Loss	Accumulated Earnings	Total Members' Equity
<b>Balance, January 1, 2022</b>	\$ (22,265)	\$ 2,318,445	\$ 2,296,180
Cumulative adjustment for implementation of ASC 842	-	(26,998)	(26,998)
Distributions to members	-	(1,751,096)	(1,751,096)
Net income	-	3,221,825	3,221,825
Other comprehensive income	7,111		7,111
<b>Balance, December 31, 2022</b>	(15,154)	3,762,176	3,747,022
Distributions to members	-	(1,017,185)	(1,017,185)
Net income	-	1,209,915	1,209,915
Other comprehensive loss	(38,977)		(38,977)
<b>Balance, December 31, 2023</b>	(54,131)	3,954,906	3,900,775

See Notes to Consolidated Financial



**9Round Franchising, LLC****Consolidated Statements of Cash Flows****For the years ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>		
Net income	\$ 1,209,915	\$ 3,221,825
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	411,587	460,099
Decrease in discount on notes receivable	-	(23)
Gain on forgiveness of Paycheck Protection Program loan	-	(576,070)
Employee Retention Credit income	-	(1,126,204)
Loss on disposal of property and equipment	4,101	27,489
Provision for credit losses	81,663	52,522
Deferred taxes	37,513	25,139
Interest expense on finance lease liabilities	79,217	80,026
Changes in operating assets and liabilities:		
Trade accounts receivable	863,767	94,299
Inventories, net	460,437	262,540
Prepaid expenses	117,804	33,302
Deferred franchise costs	785,660	805,817
Due from related parties	-	(10,381)
Operating lease ROU assets and lease liabilities, net	2,199	6,927
Other current assets	-	6,333
Accounts payable	4,844	(13,926)
Accrued expenses	(139,675)	(319,928)
Income taxes payable	558	(3,696)
Deferred franchise revenue	(2,235,628)	(1,788,242)
Due to related parties	54,254	-
Other current liabilities	221,053	(19,393)
Net cash provided by operating activities	<u>1,959,269</u>	<u>1,218,455</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(415,985)	(65,782)
Issuance of notes receivable	(5,320)	(37,500)
Collections on notes receivable	<u>16,373</u>	<u>2,817</u>
Net cash used for investing activities	<u>(404,932)</u>	<u>(100,465)</u>
<b>Cash flows from financing activities</b>		
Principal payments on finance leases	(101,210)	(99,227)
Distributions to members	<u>(1,017,185)</u>	<u>(1,751,096)</u>
Net cash used for financing activities	<u>(1,118,395)</u>	<u>(1,850,323)</u>
Net increase (decrease) in cash and cash equivalents	435,942	(732,333)
Exchange rate effect on cash and cash equivalents	69,163	(12,448)
<b>Cash and cash equivalents, beginning of year</b>	<u>4,659,496</u>	<u>5,404,277</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 5,164,601</u>	<u>\$ 4,659,496</u>
<b>Supplemental disclosure</b>		
Cash paid for interest	<u>\$ 79,217</u>	<u>\$ 81,292</u>
Cash paid for income taxes	<u>\$ 8,121</u>	<u>\$ 9,099</u>

**See Notes to Consolidated Financial Statements**

## 9Round Franchising, LLC

### Notes to Consolidated Financial Statements

December 31, 2024 and 2023

#### Note 1. Summary of Significant Accounting Policies and Activities

##### Description of business:

9Round Franchising, LLC and its subsidiaries (collectively, the "Company") were formed for the purpose of granting franchises for the establishment and operation of a center ("Center") offering a service-oriented boxing and kickboxing fitness program combining strength, cardiovascular exercises and circuit training for the entire body to achieve results. A 9Round Center offers boxing and kickboxing fitness programs that provide professional assistance to clients for a total body workout using our proprietary system of challenging workout stations. A 9Round Center franchise will offer clients a variety of comprehensive services that include, but are not limited to, teaching various boxing and kickboxing disciplines in addition to selling retail and fitness products utilizing the Company's proprietary business format and system.

On December 15, 2008, 9Round Franchising, LLC was formed under the laws of the State of South Carolina.

During 2008, the Company began offering franchises pursuant to federal and state laws that regulate the sale of franchises including the Federal Trade Commission's Franchise Rule. The Company's accounting for franchising operations is in accordance with franchisor accounting, generally accepted in the United States of America.

The franchise agreements typically require the franchisee to pay an initial, nonrefundable fee, as well as continuing royalties to the Company generally based upon a fixed fee stated in the contract. In most cases, under these arrangements, franchisees are granted the right to use and operate the location for a period of ten years with an additional ten-year renewal option contingent on payment of a renewal fee.

On November 27, 2013, the Company incorporated 9Round Franchising of Canada, Inc. under the British Columbia Corporations Act. On November 8, 2018, the Company incorporated 9RFranchising Canada, ULC under the British Columbia Corporations Act. On January 1, 2019, 9Round Franchising of Canada, Inc. was amalgamated as one company under the name 9RFranchising Canada, ULC. On July 31, 2018, 9Round Attic Holdings, LLC was formed under the laws of the State of South Carolina and is the U.S. parent of 9RFranchising Canada, ULC. 9Round Attic Holdings, LLC and 9RFranchising Canada, ULC are wholly owned subsidiaries of 9Round Franchising, LLC.

On December 16, 2014, the Company formed 9Round International, LLC under the laws of the State of South Carolina. 9Round International, LLC is a wholly owned subsidiary of 9Round Franchising, LLC.

On December 22, 2023, the Company formed 9Round Holding Company, LLC under the laws of the State of South Carolina. 9Round Holding Company, LLC is a wholly owned, ~~non-operating~~, subsidiary of 9Round Franchising, LLC.

Effective February 28, 2024, the Company acquired the assets of ILKB Too LLC ("ILKB") through its subsidiary 9Round Holding Company, LLC. Subsequent to the acquisition, the Company took over the franchising operations for ILKB, which offers franchises under the brand name I Love Kickboxing.

On August 1, 2024, the Company sold franchising rights for Canada to a master franchisee for total consideration of \$260,000. Of the total consideration, \$150,000 was paid on or before the sale date. The remaining \$110,000 was financed by the Company with a note receivable due by December 30, 2025. In connection with the sale, all existing franchise agreements held by 9Round Franchising Canada, ULC were transferred to the master franchisee.



**9Round Franchising, LLC**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

---

Principles of consolidation:

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and include the accounts of 9Round Franchising, LLC and its wholly owned subsidiaries, 9RFranchising Canada, ULC, 9Round International, LLC, and 9Round Holding Company, LLC. All significant intra-entity balances and transactions have been eliminated.

The Company does not apply the VIE consolidation model to its qualifying common control arrangements. Additionally, activity related to these arrangements is described in Note [78](#).

**9Round Franchising, LLC**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

---

**Note 1. Summary of Significant Accounting Policies and Activities.**

*Cash and cash equivalents:*

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Company places its cash with high quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits. The Company has not experienced losses in such investments and does not believe it is exposed to any significant risk on its cash and cash equivalents.

*Trade accounts receivable, net:*

Trade accounts receivable consist primarily of franchise fees, royalties, and other fees due from franchisees. Receivables are recorded at their invoiced amounts, net of a reserve for potential credit losses. No interest is charged on outstanding receivables. ~~Prior to January 1, 2023, management estimated the allowance for doubtful accounts by identifying troubled accounts and by applying a historical experience to an aging of accounts. The allowance for doubtful accounts was approximately \$84,000 at December 31, 2022.~~

Effective January 1, 2023, the Company adopted Accounting Standards Update (ASU) 2016-13 as amended. An allowance for credit losses is ~~maintain~~**maintained** based on historical experience adjusted for current conditions and reasonable and supportable forecasts taking into account geographical and industry-specific economic factors. The Company also considers any specific customer collection issues. ~~Since the Company's trade receivables are largely similar, the Company evaluates its allowance for credit losses as one portfolio segment.~~ Receivables balances are charged against the allowance for credit losses after all means of collection have been exhausted and the potential for collections is considered remote. Provisions for credit losses on trade receivables are recorded in other operating expenses on the accompanying consolidated statement of operations and comprehensive income. ~~(loss).~~

Estimating credit losses based on risk characteristics requires significant judgement by the Company. Significant judgments include but are not limited to assessing current economic conditions and the extent to which they would be relevant to the existing characteristics of the Company's financial assets, the estimated life of financial assets and the level of reliance on historical experience in light of economic conditions. The Company reviews and updates, when necessary, its historical risk characteristics that are meaningful to estimating credit losses, any new risk characteristics that arise in the natural course of business and the estimated life of its financial assets.

Note 1. Summary of Significant Accounting Policies and Activities, Continued

Note 1. Summary of Significant Accounting Policies and Activities,

Trade accounts receivable, net, continued:

The following shows activity in the allowance for credit losses for the ~~year~~years ended December 31, 2024 and 2023:

	2024	2023
Balance at January 1, 2023		
Beginning balance	\$ 157,183	\$ 83,610
Provision for credit losses	183,169	81,663
Credits charged-off against allowance	(234,548)	(8,090)
Balance at December 31, 2023Ending balance	\$ 105,804	\$ 157,183

Inserted Cells

## **9Round Franchising, LLC**

### **Notes to Consolidated Financial Statements**

**December 31, 2023 and 2022**

#### **Note 1. Summary of Significant Accounting Policies and Activities.**

##### ***Notes receivable:***

Notes receivable consist of amounts due from new franchisees and master franchisees when a portion of the franchise sale or master franchise agreement has been financed by the Company. ~~less. Balances are presented net of an allowance for uncollectible notes for estimated credit losses resulting from franchisees' borrower's failure to make note payments in accordance with the terms of their respective loan agreements. Prior to January 1, 2023, management determined the allowance for uncollectible notes by identifying troubled accounts and by applying a historical experience to an aging of accounts. Effective January 1, 2023, management determined the allowance for credit losses associated with notes receivable in accordance with the guidance under ASU 2016-13.~~ As of December 31, 2023 and 2022, management has determined that no allowance for credit losses on uncollectible notes was required.

Certain notes receivable from franchisees do not have a stated interest rate, the Company determines an effective interest rate in accordance with Accounting Standards Codification ("ASC") 835-30-35 *Interest – Imputation of Interest*. The Company recognizes interest income from these notes in the period earned. The Company had notes receivable balances totaling approximately \$91,000 and \$25,000 and \$37,000 at December 31, 2023 and 2022, respectively.

Amounts charged to the allowance for credit losses are accounted for as a reduction in franchise fee revenue. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for credit losses.

##### ***Inventory:***

Inventory consisting of gym supplies, personal equipment, and apparel is stated at lower of cost or net realizable value. Net realizable value represents the estimated selling price for inventory less all estimated costs to sell. The cost of inventory is based on the first-in, first-out (FIFO) basis, and includes expenditures incurred in acquiring the inventory and other costs incurred in bringing it to its existing location and condition. A provision or write off is made for any obsolete or damaged inventory identified by management. Damaged inventory is written down as identified. Obsolescence is assessed based on factors such as consumable inventory and comparison of the level of inventory holding to the projected likely future sales using factors existing at the reporting date. The reserve for slow-moving or obsolete inventory was approximately \$34,000 and \$29,000 and \$48,000 as of December 31, 2023 and 2022, respectively.

##### ***Deferred franchise costs:***

Deferred franchise costs consist of commissions and other direct costs relating to initial franchise fees, development agreements and license fees for which revenue has not been recognized. These costs are deferred until the related revenue is recognized.

**Note 1. Summary of Significant Accounting Policies and Activities, Continued**  
**Note 1. Summary of Significant Accounting Policies and Activities,**

**Property and equipment:**

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the asset, and leasehold improvements are amortized over the shorter of the estimated useful lives or the period of the respective leases. No depreciation is taken on construction in progress. The estimated useful lives of the assets are as follows:

	<b>Estimated Useful Life</b>
Buildings	30.25 years
Leasehold improvements	<del>30.23</del> - 25 years
Furniture and fixtures	7 years
Vehicles, software and equipment	3-5 years

Upon disposition, the asset cost and related accumulated depreciation are removed from the books and the resulting gain or loss is included in other expenses in the accompanying consolidated statements of operations and comprehensive income. ~~(loss)~~. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are expensed as incurred.

**Business combinations:**

Business combinations are accounted for using the purchase method of accounting, whereby the purchase price of the acquisition is allocated to the net assets acquired and liabilities assumed using the fair values determined by management as of the acquisition date. This ordinarily results in balances being recognized at higher values by the acquirer than the amount recognized by the acquiree. The results of operations of all business acquisitions are included in the accompanying financial statements from the date of acquisition.

Goodwill as of the acquisition date is measured as the excess of consideration transferred over the net of the acquisition date fair values of the assets acquired and the liabilities assumed. The creation of goodwill in the Company's transactions was the result of anticipated future growth. While the Company uses its best estimates and assumptions as part of the purchase price allocation process to accurately value assets acquired and liabilities assumed at the acquisition date, the Company's estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, to the extent the Company identifies adjustments to the purchase price or the purchase price allocation, the Company records adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill.

Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the consolidated statement of operations. All acquisition-related expenses incurred in connection with a business combination are expensed as incurred and are reflected as transaction expenses in the accompanying statements of operations. Transaction expenses for 2024 totaled approximately \$50,000 and are included in professional fees in the consolidated statement of operations.



**9Round Franchising, LLC**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

---

**Note 1. Summary of Significant Accounting Policies and Activities.**

Goodwill:

Goodwill arising from business combinations represents the excess of the purchase price over the fair value of the net assets acquired and is amortized on a straight-line basis over a period of ten years. The carrying value of goodwill is reviewed when circumstances and events indicate that the asset might be impaired and the undiscounted cash flows estimated to be generated by the Company is less than the carrying value of these assets. If the estimated fair value is less than book value, then impairment is deemed to have occurred. Management has determined there are no impairment issues with goodwill as of December 31, 2024.

At December 31, 2024, goodwill totaled approximately \$761,000, less accumulated amortization of approximately \$64,000. Amortization of goodwill amounted to approximately \$64,000 for the year ended December 31, 2024. Estimated amortization of goodwill is expected to be \$76,000 in 2025 through 2029, and \$317,000 thereafter.

Intangible assets:

Intangible assets primarily consist of certain legal and related costs incurred in connection with trademark applications as well as costs to acquire the franchise development rights for Wisconsin from a franchisee. The Company capitalizes such costs to the extent that an economic benefit is anticipated from the resulting trademark and development rights, or an alternative future use is available to the Company. Amortization of trademark costs and development rights is provided for by the straight-line method over the estimated useful lives of the assets. The Company's assessment of future economic benefit of its intangible assets involves management judgment, and a different conclusion could result in an impairment charge up to the carrying value of these assets.

At December 31, 2024 and 2023, intangible assets totaled approximately \$94,000, less accumulated amortization of approximately \$75,000 and \$66,000, respectively. Amortization of intangible assets amounted to approximately \$9,000 for each of the years ended December 31, 2024 and 2023. Estimated amortization of intangible assets is expected to be approximately \$9,400 in 2025 and 2026.

Impairment of long-lived assets:

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to undiscounted future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Management believes there is no impairment with long-lived assets as of December 31, 2023 and 2022.

## **9Round Franchising, LLC**

**Notes to Consolidated Financial Statements**

**December 31, 2024 and 2023**

### **Note 1. Summary of Significant Accounting Policies and Activities, Continued**

#### **Note 1. Summary of Significant Accounting Policies and Activities,**

##### **Revenue recognition:**

The Company recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers.

The Company's revenue primarily consists of franchise revenue, master and area license fee revenue, product revenue, rebate revenue, and Company-owned gym revenue. The Company's products and services are sold primarily to customers in the United States, Canada and certain international markets. ~~Our~~**The Company's** results of operations are substantially affected by economic conditions, which can vary significantly by market and can be impacted by consumer disposable income levels and spending habits.

**9Round Franchising, LLC**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

---

**Note 1. Summary of Significant Accounting Policies and Activities.**

*Franchise revenue:* Franchise revenue consists primarily of initial and renewal franchise fees, royalties, advertising revenue, and other fees.

Our franchise agreements include (a) the right to use our symbolic intellectual property over the term of each franchise agreement, (b) pre-opening services, such as training, and (c) ongoing services, such as management of the advertising contributions, development of training materials and gym monitoring. These promises are highly dependent upon and interrelated with the franchise right granted in the franchise agreement, so they are not considered to be individually distinct and therefore are accounted for as a single performance obligation. Revenue from franchise agreements, which consists of royalties, advertising, and other fees, is recognized evenly over the term of the agreement with the exception of sales-based fees.

Sales-based royalty and sales-based advertising revenues are recognized in the period in which the sales occur. Sales-based royalties and sales-based advertising are variable consideration related to the Company's performance obligation to the franchisees to maintain the intellectual property being licensed.

Franchise fee revenue consists of initial and transfer franchise fees. Franchise fees are billed and received upon the signing of the franchise agreement. Recognition of these fees occur over time based on the term of the underlying franchise agreement. In the event a franchise agreement is terminated, any remaining deferred fees are recognized in the period of termination.

*Master and area license revenue:* The Company sells master and area licenses that grant the sole rights to develop 9Round Centers and grant individual franchises within a specific geographical area. These agreements transfer franchise rights within a geographical area permitting the opening of a number of franchised outlets. Decisions regarding the number of outlets and their locations are primarily made by the master franchisee with approval of the Company. The Company believes the license and development rights are distinct from the franchise agreements.

Similar to the franchise agreements, the right to use our symbolic intellectual property over the term of the license agreement is accounted for as a single performance obligation recognized evenly over the term of the license agreement. In the event a license agreement is terminated, any remaining deferred fees are recognized in the period of termination.

---

**9Round Franchising, LLC**

*Notes to Consolidated Financial Statements*

*December 31, 2024 and 2023*

---

**Note 1. Summary of Significant Accounting Policies and Activities, Continued**

*Revenue recognition, continued:*

*Revenue recognition, continued:*

*Product revenue:* Revenue from the sale of products is recognized upon transfer of control to the customer, which is typically upon shipment. The Company has elected to treat shipping and handling activities related to contracts with customers as costs to fulfill the promise to transfer the associated equipment and not as a separate performance obligation. The Company collects and remits sales taxes on transactions with customers and reports such amounts under the net method in the consolidated statements of operations and comprehensive income. ~~(loss)~~. Accordingly, these taxes are not included in gross revenue.

*Rebate revenue:* Rebates are received based on purchases of goods or services by a franchisee to approved vendors required in the franchise agreements. Revenue is recognized at a point in time each month.

**9Round Franchising, LLC**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**Note 1. Summary of Significant Accounting Policies and Activities.**

**Company-owned gym revenue:** Gym revenue consists of membership fees and merchandise sales. Membership revenue is a stand-ready performance obligation with a series of distinct time increments and therefore is a single performance obligation. Revenue from gym memberships is recognized evenly over the term of the membership agreement. The Company records revenue from sales of merchandise upon delivery of the goedgoods to the customer, which is when our performance obligation is satisfied.

Revenue from products and merchandise sales and rebates is recognized at a point in time, whereas franchise fee, master and area license fee, royalty, and fee revenue are recognized over time. Total revenue recognized at a point in time and over time was approximately as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Revenue recognized at a point in time	\$ 4,761,000	\$ 7,115,000
Revenue recognized over time	<u>8,732,000</u>	<u>9,683,000</u>
	<u>\$ 13,493,000</u>	<u>\$ 16,798,000</u>
	<u>2024</u>	<u>2023</u>
Revenue recognized at a point in time	\$ 4,265,000	\$ 4,761,000
Revenue recognized over time	<u>7,305,000</u>	<u>8,732,000</u>
	<u>\$ 11,570,000</u>	<u>\$ 13,493,000</u>

With the exception of initial, renewal, and master area and license fees, all other revenue is either collected on the date of transaction or within one month. The Company believes its franchising, master and area licensing agreements do not contain a significant financing component because (a) the timing of the upfront payment does not arise for the reason of provision of financing to the Company and (b) the sales-based royalty is variable and based on factors outside the Company or the franchisee's control.

**Leases:**

In February 2016, the FASB issued ASC Topic 842, *Leases* (Topic 842), to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. The update retains a distinction between finance leases (similar to capital leases under previous guidance) and operating leases, with classification affecting the pattern of expense recognition in the income statement.

## 9Round Franchising, LLC

### Notes to Consolidated Financial Statements

December 31, 2024 and 2023

#### Note 1. Summary of Significant Accounting Policies and Activities, Continued

##### Revenue recognition, continued:

##### Leases, continued:

The Company adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminated the requirement to restate the prior period financial statements. Under this transition provision, the Company applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continued to be reported and disclosed in accordance with the Company's historical accounting treatment under ASC Topic 840, Leases.

The Company elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Company did not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Company did not elect to adopt the "hindsight" practical expedient, and therefore measured the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022. Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Company's leases of approximately \$1,341,000 and \$1,353,000, respectively, at January 1, 2022, and a cumulative effect adjustment of approximately \$27,000 to the opening balance of retained earnings.

The Company determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Company obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Company also considers whether its service arrangements include the right to control the use of an asset.

The Company made an accounting policy election available under [Accounting Standards Codification \(ASC\)](#) Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

---

**9Round Franchising, LLC**  
***Notes to Consolidated Financial Statements***  
***December 31, 2023 and 2022***

---

**Note 1. Summary of Significant Accounting Policies and Activities.**

***Income taxes:***

The Company is taxed as a partnership for federal income tax purposes. Consequently, federal income taxes are not provided for or payable by the Company. The Company is subject to various state level taxes. The Company has elected to file composite filings for state income taxes in those states in which the Company meets the requirements for composite filing.

## **9Round Franchising, LLC**

### **Notes to Consolidated Financial Statements**

**December 31, 2024 and 2023**

#### **Note 1. Summary of Significant Accounting Policies and Activities, Continued**

##### **Note 1. Summary of Significant Accounting Policies and Activities,**

###### Income taxes, continued:

The Company is considered a non-resident in foreign jurisdictions and is subject to corporate withholding taxes for payments of royalties and similar payments made by its foreign franchisees. The Company recognizes these withholding taxes in the provision for income taxes in the consolidated statements of operations and comprehensive income. ~~(loss)~~. The Company's net income or loss is allocated to the members who are taxed individually on their share of each Company's earnings.

The Company recognizes income tax related interest and penalties in interest expense and other operating expenses, respectively, in the consolidated statements of operations and comprehensive income. ~~(loss)~~.

9Round International, LLC, 9Round Attic Holdings, LLC, and 9Round Holding Company, LLC are single member LLCs and, as such, are treated as divisions of 9Round Franchising, LLC for federal income tax purposes. Because of their status, these entities are disregarded as separate entities for income tax purposes, therefore these entities do not file income tax returns separate and apart from their parent, 9Round Franchising, LLC.

9Rfranchising Canada, ULC is taxed as a corporation in Canada and accounts for income taxes in accordance with generally accepted accounting standards, which requires the use of the liability method of accounting for income taxes. Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred income taxes are provided for the temporary differences in basis of the Company's assets and liabilities and their reported amounts. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are determined based on the enacted rates that are expected to be in effect when these differences are expected to reverse. Deferred tax expense or benefit is the result of the changes in the deferred tax assets and liabilities. The Company records a valuation allowance to reduce deferred tax assets if it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The Company recognizes income tax related interest and penalties in interest expense and other operating expenses, respectively, in the consolidated statements of operations and comprehensive income. ~~(loss)~~.

###### Advertising:

All costs associated with advertising and marketing are expensed in the period incurred. Advertising and marketing costs totaled approximately \$1,149,000 and \$1,533,000 and ~~\$2,102,000~~ for the years ended December 31, ~~2023~~2024 and ~~2022~~2023, respectively.

###### Personnel costs:

Personnel costs include all salaries, wages, and contract labor paid to employees and contract laborers. Personnel costs also include charges for employee benefits, various payroll taxes and other payroll related fees.



**9Round Franchising, LLC**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

---

**Note 1. Summary of Significant Accounting Policies and Activities.**

**Shipping and handling costs:**

Amounts billed to a customer in a sales transaction related to shipping and handling are included in revenue in the accompanying consolidated statements of operations and comprehensive income: (loss). Costs incurred for shipping and handling are included in cost of product revenue in the accompanying consolidated statements of operations and comprehensive income: (loss).

**Presentation of sales taxes:**

The states and municipalities in which the Company operates impose sales tax on all of the Company's nonexempt revenue. The Company collects sales tax from its franchisees and remits the entire amount to the appropriate taxing authority. The Company's policy is to exclude the tax collected and remitted from revenue and cost of product revenue in the accompanying consolidated statements of operations and comprehensive income: (loss). The Company accrues sales tax liabilities as it records sales, maintaining the amount owed to the taxing authorities as a current liability.

**Other comprehensive income: (loss):**

Other comprehensive income (loss) consists of foreign currency translation adjustments.

**Foreign currency:**

Foreign currency denominated assets and liabilities are translated into U.S. dollars using the exchange rates in effect at the balance sheet date. Results of operations and cash flows are translated using the average exchange rates throughout the period. The effect of exchange rate fluctuations on translation of assets and liabilities is included as a component of members' equity in accumulated other comprehensive loss. Gains and losses from foreign currency transactions are included in other income and expense.

**Use of estimates:**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and assumptions.

**Fair value of assets and liabilities:**

The carrying values of all of the Company's financial instruments approximate their fair values. The Company applies the guidance related to fair value for certain non-financial assets and liabilities. The non-financial assets and liabilities include items such as long-lived assets and intangibles.

## **9Round Franchising, LLC**

### **Notes to Consolidated Financial Statements**

**December 31, 2024 and 2023**

#### **Note 1. Summary of Significant Accounting Policies and Activities, Continued**

##### **Note 1. Summary of Significant Accounting Policies and Activities,**

###### Recently adopted accounting pronouncement:

**Effective** January 1, 2023, the Company adopted ASU 2016-13, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended. The update creates a new impairment standard for financial assets measured at amortized cost. Financial assets measured at amortized cost will be presented at the net amount to be expected to be collected through an allowance for credit losses that are expected to occur of the remaining life of the asset. The existing incurred loss model has been replaced with a current expected credit loss (CECL) model. The Company adopted the guidance in the update using the modified retrospective approach. Upon adoption, management determined that there was no material impact to the financial statements and accordingly no adjustment to retained earnings was recorded upon adoption.

Under Topic 326, the Company changed its policy for assessing credit losses to include consideration of a broader range of information to estimate credit losses over the life of its financial assets. As of December 31, 2023, the financial assets of the Company within the scope of the assessment comprised trade accounts receivable, notes receivable from franchisees, and contract assets resulting from revenue transactions (deferred franchise costs). Estimated credit losses on notes receivable from franchisees and contract assets were not material.

###### Reclassifications:

Certain reclassifications have been made to the prior year consolidated financial statements to conform to current year presentation. These reclassifications had no effect on the previously reported net income or members' equity.

**9Round Franchising, LLC**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**Note 1. Summary of Significant Accounting Policies and Activities.**

**Subsequent events:**

The Company has evaluated events and transactions for potential recognition or disclosure through April 26, 2024, the date the consolidated financial statements were available for issuance. See Note 11 for a description of events occurring after December 31, 2024.

**Note 2. Acquisitions**

**Effective**—February 28, 2024, the Company acquired the assets of ILKB Too LLC. The acquisition took place pursuant to an asset purchase agreement for a purchase price of approximately \$768,000. The Company completed the acquisition to reinforce its competitive position in the kickboxing fitness market and generate synergies among brands to provide future revenue growth. The Company completed an assessment of the allocation of the purchase price to the acquired assets and assumed liabilities in accordance with GAAP. The excess of the purchase price over the fair value of the net assets acquired has been recognized as goodwill.

**Total consideration:**

Cash	\$ 750,000
Contingent consideration	18,182
Total purchase price	\$ 768,182

**Allocation:**

Accounts receivable	\$ 7,314
Goodwill	760,868
Total allocation	\$ 768,182

As part of the purchase price, the Company agreed to pay the seller additional amounts contingent upon the renewal of certain expired franchise agreements acquired in the transaction. Under the agreement, the Company will pay the seller \$18,182 at the renewal of each expired franchise agreement up to a maximum amount of \$600,000. The present value of the contingent consideration at the acquisition date was determined to be approximately \$18,000. The Company has recorded this balance in other current liabilities on the accompanying consolidated balance sheet.

**Note 3. Property and Equipment**

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

	2023	2022
	2024	2023
Leasehold improvements	\$ 1,628,035	\$ 1,384,468
Furniture and fixtures	479,417	28,035
Vehicles and equipment	135,160	247,774
Software	73,506	214,183
Construction in progress	634,561	140,040
	2,676,679	2,014,400

**9Round Franchising, LLC**  
**Notes to Consolidated Financial Statements**  
**December 31, 2024 and 2023**

**Note 1. Summary of Significant Accounting Policies and Activities, Continued**  
**Note 1. Summary of Significant Accounting Policies and Activities,**

	<u>56,746</u>	<u>56,746</u>
	2,881,299	2,478,073
	828,123	881,299
		299
Less: accumulated depreciation	<u>(2,135,155)</u>	<u>(1,811,004)</u>
	<u>0,496</u>	<u>135,155</u>
	497,627	746,144
		746,144
		667,069
Buildings under finance leases – net of accumulated amortization of		
\$440,471 and \$371,106 and \$301,742 in 20232024 and 20222023,	<u>1,709,820</u>	<u>1,779,184</u>
respectively	40,455	709,820
Property and equipment, net	\$	\$
	<u>2,455,964</u>	<u>2,446,253</u>
	38,082	55,964



**9Round Franchising, LLC**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**Note 2. Property and Equipment.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2024 and 2023**

**Note 3. Property and Equipment, Continued**

Depreciation expense for the years ended December 31, 2023 and 2022 was approximately \$402,459,000 and \$451,402,000, respectively, which includes approximately \$69,000 of amortization expense related to finance leases for the years ended December 31, 2023 and 2022.

**Note 3. Intangible Assets**

Intangible assets consisted of the following as of December 31, 2023 and 2022:

	December 31, 2023		
	Cost	Accumulated Amortization	Net
Development rights	\$ 179,708	\$ 179,708	\$ —
Trademark	94,115	65,881	28,234
	<u>\$ 273,823</u>	<u>\$ 245,589</u>	<u>\$ 28,234</u>
	December 31, 2022		
	Cost	Accumulated Amortization	Net
Development rights	\$ 179,708	\$ 179,708	\$ —
Trademark	94,115	56,469	37,646
	<u>\$ 273,823</u>	<u>\$ 236,177</u>	<u>\$ 37,646</u>

Amortization expense was approximately \$9,000 for each of the years ended December 31, 2023 and 2022. The estimated amortization of intangible assets for the years subsequent to December 31, 2023, is as follows:

2024	\$ 9,412
2025	9,412
2026	9,411
	<u>\$ 28,235</u>

**Note 4. Contract Balances**

Contract balances related to contracts with customers consist of receivables, deferred franchise costs, and deferred revenue. See Note 1 for details on accounts receivable. The opening balance of trade accounts receivable, net at January 1, 2023 was approximately \$960,812,000.

## **9Round Franchising, LLC**

### **Notes to Consolidated Financial Statements**

~~Deferred franchise costs (contract asset) consist of commissions and other direct costs relating to initial franchise fees, developmental agreements, and license fees for which revenue has not been recognized.~~  
~~December 31, 2023 and 2022~~

~~Deferred franchise revenue (contract liability) represents that portion of the total revenue from initial franchise, license, and development agreements attributable to services required to be provided by the Company that have not yet been performed.~~

~~The opening balance of deferred franchise costs and deferred franchise revenue as of January 1, 2022 was 2023 were approximately \$2,884,954,000 and \$8,455,674,000, respectively.~~

### **Note 5. — Leases**

The Company leases its warehouse facilities, studio, Company-owned gyms and office equipment under operating lease agreements that mature between ~~September 2023~~ October 2025 and December 2030. Some leases include one or more options to renew, generally at the Company's sole discretion, with renewal terms that can extend the lease term up to 10 years. In addition, certain leases contain termination options, where the rights to terminate are held by either the Company, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Company will exercise that option. The Company's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

During the year ended December 31, 2024, two operating leases for Company-owned gyms expired and one additional operating lease on a Company-owned gym was terminated early in connection with closing of the gym location.

The Company also leases its office facilities in Simpsonville, South Carolina under finance leases, which including renewals, expire between March 2048 and July 2049. The interest rate implicit on these leases is 3.95%. The Company's finance leases generally do not contain any material restrictive covenants or residual value guarantees. The right-of-use assets associated with the Company's finance leases are included as a component of property and equipment, net on the ~~accompanying~~ consolidated balance sheets.

## 9Round Franchising, LLC

### *Notes to Consolidated Financial Statements* *December 31, 2024 and 2023*

#### **Note 5. Leases, Continued**

Operating lease cost is recognized on a straight-line basis over the lease term. Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. The components of lease expense are as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ 349,530	\$ 342,363
Finance lease cost — amortization of ROU assets	69,365	69,365
Finance lease cost — interest on lease liabilities	78,973	80,026
Variable lease cost	44,458	73,743
	<u>\$ 542,326</u>	<u>\$ 565,497</u>



## 9Round Franchising, LLC

### Notes to Consolidated Financial Statements

#### December 31, 2023 and 2022

	2024	2023
Operating lease cost	\$ 268,064	\$ 349,530
Finance lease cost – amortization of ROU assets	69,365	69,365
Finance lease cost – interest on lease liabilities	78,311	79,217
Variable lease cost	32,662	44,178
	<u>\$ 448,402</u>	<u>\$ 542,290</u>

Supplemental cash flow information related to leases is as follows for the years ended December 31:

	2024	2023	2022
Cash paid for amounts included in measurement of lease liabilities:			
Operating cash outflows – payments on operating leases	\$ 279,371	\$ 347,331	\$ 347,331
	<u>\$ 279,371</u>	<u>\$ 347,331</u>	<u>\$ 347,331</u>
Financing cash outflows – payments on finance leases	\$ 100,626	\$ 103,235	\$ 99,227
		<u>\$ 103,235</u>	<u>\$ 99,227</u>
			<u>\$ 100,626</u>
Right-of-use assets obtained in exchange for new lease obligations:			
Operating leases	\$ -	\$ -	\$ 128,697

The weighted-average remaining lease term and weighted-average discount rate at December 31, 2024 and 2023 are as follows:

	Operating Leases	Finance Leases
December 31, 2023:		
Weighted-average remaining lease term	4.0 years	24.6 years
	<u>Operating Leases</u>	<u>Finance Leases</u>
December 31, 2024:		
Weighted-average remaining lease term	3.2 years	23.6 years
Weighted-average discount rate	5.35%	3.95%
December 31, 2023:		
Weighted-average remaining lease term	4.0 years	24.6 years
Weighted-average discount rate	5.33%	3.95%

**9Round Franchising, LLC**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**Note 5. Leases.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2022-2024 and 2023**

Note	Weighted-average remaining lease-term	4.6 years	25.7 years
	Weighted-average discount rate	5.31%	3.95%

**5. Leases, Continued**

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the balance sheet are as follows as of December 31, 2023-2024:

	<u>Operating</u> <u>Leases</u>	<u>Finance</u> <u>Leases</u>
	<u>Operating</u> <u>Leases</u>	<u>Finance</u> <u>Leases</u>
2024	\$ 291,482	\$ 103,234
2025	264,296	105,299
2025	\$ 254,203	\$ 105,299
2026	218,280	107,405
2027	193,703	109,553
2028	19,413	111,744
2029	19,801	113,979
Thereafter	39,99820,197	2,709,934
Total lease payments	4,027,172725,597	3,247,169143,935
Less current portion	(224,217)	(28,043)
Less imputed interest	(103,82460,647)	(1,253,846175,551)
Total present value of Long-term lease liabilities	\$ 923,348440,733	\$ 1,993,323940,341

Note

## **9Round Franchising, LLC**

### **Income Taxes**

#### **Notes to Consolidated Financial Statements**

##### **December 31, 2023 and 2022**

The Company is taxed as a partnership under the provisions of Subchapter K of the Internal Revenue Code. Consequently, federal income taxes are not provided for or payable by the Company. 9Round Franchising, LLC files income tax returns in the U.S. federal jurisdiction, and the various states in which it operates. 9Round Franchising, LLC is subject to routine audits by taxing jurisdictions. 9Round Franchising, LLC believes it is no longer subject to income tax examinations for the years prior to 2020.

The Company is considered a non-resident in foreign jurisdictions and is subject to corporate withholding taxes for payments of royalties and similar payments made by its foreign franchisees.

In accordance with FASB ASC 740-10, *Income Taxes*, 9Round Franchising, LLC is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

9Round Franchising, LLC has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. 9Round Franchising, LLC believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on its financial condition, results of operations or cash flows. Accordingly, 9Round Franchising, LLC has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, ~~2023~~2024 and ~~2022~~2023.

9RFranchising Canada, ULC is taxed as a general corporation under the Canadian federal tax regulations, and for the years ending December 31, ~~2023~~2024 and ~~2022~~2023, 9RFranchising Canada, ULC was subject to provincial taxes. 9RFranchising Canada, ULC is solely owned by 9Round Attic Holdings, LLC, and as such, is treated as a disregarded entity for U.S. federal income tax purposes. The activity of 9RFranchising Canada, ULC is reported on the U.S. partnership income tax returns.

**9Round Franchising, LLC**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**Note 5. Leases**  
**Notes to Consolidated Financial Statements**  
**December 31, 2024 and 2023**

**Note 6. Income Taxes, Continued**

9RFranchising Canada, ULC files income tax returns in the Canadian federal jurisdiction. 9RFranchising Canada, ULC is subject to routine audits by taxing jurisdictions. 9RFranchising Canada, ULC is no longer subject to income tax examinations for the years prior to 20192020.

The income tax expense consisted of the following for the years ended December 31, 20232024 and 20222023:

	<u>2023</u>	<u>2022</u>
Current:	<u>2024</u>	<u>2023</u>
Current:		
Foreign	\$ 6,493231,393	\$ 8,1786,493
Deferred:		
Foreign	35,562	28,7373
Income tax expense	<u>\$ 42,055231,393</u>	<u>\$ 36,9154,2055</u>

Deferred income taxes are provided for temporary differences between the basis of assets and liabilities for financial reporting purposes and income tax purposes.

## 9Round Franchising, LLC

### Notes to Consolidated Financial Statements

The components of the net deferred tax asset as of December 31, 2024 and 2023 and 2022 consisted of the following:

#### Note 6. Income

	2024	2023	2022
Deferred tax asset:			
Deferred revenue	\$ 98,720	\$ 156,292	98,720
Deferred tax liability:			
Deferred franchise costs	(79,272)	(101,282)	79,272
Net deferred tax asset	\$ 19,448	\$ 55,010	19,448

Deleted Cells

Inserted Cells

Inserted Cells

In accordance with FASB ASC 740-10, *Income Taxes*, 9RFranchising Canada, ULC is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

9RFranchising Canada, ULC has analyzed tax positions taken for filing with the Canadian Revenue Agency. During 2022, the Canadian Revenue Agency assessed 9RFranchising Canada, ULC for failure to withhold under Part XIII of the Income Tax Act for the years 2015-2021. In connection with this assessment, the 9RFranchising Canada, ULC has recorded an accrual of \$198,981 and \$188,213 as of December 31, 2023 and 2022, respectively, which is included in accrued expenses on the accompanying consolidated balance sheets. An expense of \$188,213 was sheet. The Company recorded in other operating expenses on the accompanying consolidated statement of operations and comprehensive an income tax payable for the year ended December 31, 2023. The change in the accrued balance during the year ended December 31, 2023 is the result of changes in the currency exchange rate. 9RFranchising Canada, ULC has filed an objection with the Canadian Revenue Agency. The liability is subject to change and it is possible that the amount will differ from the amounts recorded. Any resulting adjustment will be recorded in the period incurred. \$211,945 as of December 31, 2024.

**9Round Franchising, LLC**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

---

**Note 6. Income Taxes.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2024 and 2023**

---

**Note 7.—Related Party Transactions**

The majority members of the Company own an interest in H&S Empire, LLC ("H&S"). The Company leases its main office facilities from H&S under finance lease agreements (Note 56). During the years ended December 31, 20232024 and 20222023, the Company made cash payments totaling approximately \$40103,000 and \$99\$101,000, respectively, to H&S under these finance lease agreements. The Company also leases three studio locations from H&S under operating leases. During the years ended December 31, 20232024 and 20222023, the Company made cash payments totaling approximately \$5141,000 and \$5051,000, respectively, to H&S under these operating lease agreements.

At December 31, 20232024 and 20222023, the Company had receivables of approximately \$2143,000 and \$21,000, respectively, from related parties with common ownership. These amounts have been recorded in current assets in the accompanying consolidated balance sheets as payment is expected within one year from the consolidated balance sheet date.

**9Round Franchising, LLC**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**Note 8. Summary of**

**Note 8. Summary of Franchises**

The following is a summary of changes in the number of U.S. 9Round franchises during the years ended December 31, 2023 and 2022:

	2023	2022
Outlets in operation at beginning of year	371	445
Outlets opened during the year	4	71
Outlets terminated or closed during the year	(96)	(81)
Outlets in operation at end of year	279	371
Franchised outlets	275	365
Affiliate and company owned outlets	4	75

**Note 9. Paycheck Protection Program**

In February 2021, the Company executed a term note with a financial institution in the principal amount of approximately \$576,000 pursuant to a second draw Paycheck Protection Program ("PPP") loan which provided additional support under the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act (the "Economic Aid Act"). The term of the PPP loan was for five years with an interest rate of 1.0% per annum, which payments could be deferred up to the first sixteen months of the term of the loan. After the initial deferral period, the loan required monthly payments of principal and interest until maturity with respect to any portion of the PPP loan which was not forgiven. A PPP loan recipient may apply for, and be granted, forgiveness for all or a portion of the loan granted under the program. Such forgiveness was determined based upon the use of loan proceeds for payroll costs, rent and utility costs, and the maintenance of employee and compensation levels. In May 2022, the Small Business Administration approved the Company's application for forgiveness and remitted payment to the lender for the full amount. Accordingly, the Company recognized a gain on forgiveness of debt at the time totaling \$576,070. This gain is included as a component of other income (expense) on the accompanying statements of operations and comprehensive income.

The following is a summary of changes in the number of I Love Kickboxing franchises during the year ended December 31, 2024:

Outlets in operation at acquisition on February 28, 2024	52
Outlets opened during the year	0
Outlets terminated or closed during the year	(22)
Outlets in operation at end of year	30

There are no corporate owned I Love Kickboxing franchises.

**Note 9.**

**Note 10. Employee Retention Credit**

The Employee Retention Credit ("ERC") program was created under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and was significantly modified, expanded and extended into the first two quarters of

**9Round Franchising, LLC**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**Note 6. Income Taxes:**

calendar year 2021 by the Consolidated Appropriations Act, 2021 (the "Act"). The goal of the ERC program was to encourage employers to retain and continue paying employees during periods of pandemic-related reductions in business volume even if those employees were not actually working, and therefore, were not providing a service to the employer. Under the Act, eligible employers could take credits up to 70% of qualified wages with a limit of \$10,000 per employee per quarter for the first two quarters of calendar year 2021. In order to qualify for the ERC, organizations had to experience at least a 20% drop in gross receipts in the quarter compared to the same quarter in calendar year 2019. The American Rescue Plan Act of 2021 extended the ERC to the third quarter of calendar year 2021.



## **9Round Franchising, LLC**

### **Notes to Consolidated Financial Statements**

~~During 2022, the Company claimed an ERC of approximately \$1,126,000 with the Internal Revenue Service. Approximately \$81,000 pertained to 2021 qualified wages and approximately \$245,000 pertained to 2020 qualified wages. Management believes that the claim is in alignment with applicable regulatory criteria, the amounts are known and reasonable, and receipt of the refundable ERC is probable. As such, the Company recognized this amount within other income (expense) in the accompanying consolidated statements of operations and comprehensive income for the year ended December 31, 2022. The total amount of ERC claimed by the company in 2022 was included as a receivable on the consolidating balance sheet as of December 31, 2022. The Company received the entire amount of the recorded receivable during the year ended December 31, 2023.~~

### **Note 8. Summary of**

### **Note 11. Commitments and Contingencies**

Various legal actions and claims which have arisen in the normal course of business may be pending against the Company from time to time. It is the opinion of management that the ultimate resolution of these contingencies will not have a material effect on the financial condition, results of operations or liquidity of the Company.

Additionally, it is reasonably possible that estimates made in the consolidated financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including losses on inventory and impairment losses related to other long-lived assets.

**9Round Franchising, LLC**  
**Notes to Consolidated Financial Statements**  
**December 31, 2024 and 2023**  
**December 31, 2023 and 2022**

---

**Note 12. Subsequent Events**  
**Note 10. ~~Employee Retention Credit~~**

Effective February 28, 2024, the Company acquired certain assets from ILKB Too LLC through its subsidiary 9Round Holding Company, LLC. The acquisition took place pursuant to an asset purchase agreement for a purchase price of approximately \$1,400,000, consisting of \$800,000 paid in cash and \$600,000 in payments contingent upon the renewal of certain expired franchise agreements acquired in the transaction. In March 2025, the Company closed one of its office facilities and terminated the related party finance lease. Upon termination, the Company removed the recorded balances of the finance lease right-of-use asset and lease liability, which amounted to approximately \$506,000 and \$596,000, respectively. The Company's future obligations under this lease were reduced by approximately \$28,000 for 2025.

Effective April 11, 2025, the Company entered into a Unit Purchase Agreement to repurchase 40 membership units from a single member for a total purchase price of \$2,000,000. Of the total purchase price, \$1,867,000 is allocated to the repurchase of the member units and \$133,000 is allocated to the assignment of the development and franchise rights for certain international territories held by the selling member. The Company paid \$1,800,000 at closing with the remainder of the total purchase price due in October 2025.

In connection with the Unit Purchase Agreement, the Company entered into a \$1,440,000 note payable with a financial institution to fund a portion of the purchase price. Amounts outstanding under the note bear interest at a fixed rate of 6.75 percent. The Company is required to make monthly principal and interest payments of approximately \$12,700 until maturity in March 2029, when a balloon payment of all unpaid principal and interest is due. The note is guaranteed by the remaining members of the Company.

# 9Round Franchising, LLC

## *Report on Consolidated Financial Statements*

*For the years ended December 31, ~~2022~~2023 and ~~2021~~2022*

|

# 9Round Franchising, LLC

## Contents

### Page

<b>Independent Auditor's Report .....</b>	<b>1-2</b>
---	------------

Independent Auditor's Report.....	1-2
-----------------------------------	-----

### Consolidated Financial Statements

Consolidated Balance Sheets .....	3
Consolidated Balance Sheets .....	3

Consolidated Statements of Operations and Comprehensive Income .....	4
--	---

Consolidated Statements of Changes in Members' Equity .....	5
---	---

Consolidated Statements of Cash Flows .....	6
---	---

Notes to Consolidated Financial Statements.....	7-22
---	------

Consolidated Statements of Operations and Comprehensive Income.....	4
---	---

Consolidated Statements of Changes in Members' Equity.....	5
--	---

Consolidated Statements of Cash Flows .....	6
---	---

Notes to Consolidated Financial Statements.....	7-23
---	------

elliott davis

|



## Independent Auditor's Report

To the Members  
9Round Franchising, LLC  
Simpsonville, South Carolina

### Opinion

We have audited the consolidated financial statements of 9Round Franchising, LLC and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, ~~2022~~2023 and ~~2021~~2022, the related consolidated statements of operations and comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, ~~2022~~2023 and ~~2021~~2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ~~Adoption of Lease Accounting Standard~~

~~As discussed in Note 1 to the financial statements, the Company adopted the provisions of Accounting Standards Update 2016-2, Leases (Topic 842) during the year ended December 31, 2022. Our opinion is not modified with respect to this matter.~~

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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



## Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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



Greenville, South Carolina

April ~~17~~26, 2024



**Consolidated Balance Sheets**  
**As of December 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 5,164,601	\$ 4,659,496
Trade accounts receivable, net	995,005	812,150
Employee Retention Credit receivable (Note 10)	-	1,126,204
Inventory, net	1,337,218	1,797,655
Prepaid expenses	290,132	399,394
Current portion of deferred franchise costs	632,756	447,853
Due from related parties	20,843	172,452
Current portion of notes receivables	17,554	13,939
Total current assets	<u>8,458,109</u>	<u>9,429,143</u>
<b>Noncurrent assets</b>		
Property and equipment, net	2,455,964	2,446,253
Operating lease right-of-use assets	902,475	1,194,662
Intangibles, net	28,234	37,646
Deferred franchise costs, net of current portion	851,814	1,506,314
Deferred tax asset	19,448	55,010
Notes receivable, less current portion	7,935	22,603
Other assets	4,884	4,886
Total noncurrent assets	<u>4,270,754</u>	<u>5,267,374</u>
Total assets	<u>\$ 12,728,863</u>	<u>\$ 14,696,517</u>



**See Notes to Consolidated Financial Statements**

## **Assets**

### **Liabilities and Members' Equity**

#### **Current liabilities**

Accounts payable	\$ 369,335	\$ 364,109
Accrued expenses	376,996	505,473
Income taxes payable	4,749	5,637
Current portion of deferred franchise revenue	1,108,611	1,270,772
Current portion of finance lease liabilities	24,939	21,993
Current portion of operating lease liabilities	248,430	289,989
Other current liabilities	<u>392,828</u>	<u>171,775</u>
Total current liabilities	<u>2,525,888</u>	<u>2,629,748</u>

#### **Long-term liabilities**

Deferred franchise revenue, net of current portion	3,658,898	5,403,077
Operating lease liabilities, net of current portion	674,918	923,347
Finance lease liabilities, net of current portion	<u>1,968,384</u>	<u>1,993,323</u>
Total long-term liabilities	<u>6,302,200</u>	<u>8,319,747</u>
Total liabilities	<u>8,828,088</u>	<u>10,949,495</u>

#### **Members' equity**

Total liabilities and members' equity	<u>3,900,775</u>	<u>3,747,022</u>
	<u>\$ 12,728,863</u>	<u>\$ 14,696,517</u>

## 9Round Franchising, LLC

### **9Round Franchising, LLC**

#### **Consolidated Statements of Operations and Comprehensive Income**

**For the years ended December 31, 2023 and 2022**

#### ***Other comprehensive income (loss)***

Changes in cumulative translation adjustment

Total comprehensive income

	<b>2023</b>	<b>2022</b>
<b>Revenues</b>		
Franchise fee revenue	\$ 2,373,700	\$ 2,353,912
Master and area license fee revenue	379,946	407,199
Royalty revenue	2,495,083	2,945,041
Fee revenue	2,715,273	3,287,833
Product revenue	2,574,905	4,811,196
Rebate revenue	1,902,306	1,884,968
Other revenue	<u>1,051,810</u>	<u>1,107,930</u>
Total revenues	13,493,023	16,798,079
<b>Cost of product revenue</b>	<u>1,918,405</u>	<u>2,988,820</u>
<b>Operating expenses</b>		
Advertising and marketing	1,533,476	2,102,498
Depreciation and amortization	411,585	460,099
Commissions	708,159	894,179
Professional fees	712,269	647,387
Personnel costs	3,706,458	4,240,905
Other operating expenses	<u>3,323,276</u>	<u>3,832,068</u>
Total operating expenses	<u>10,395,223</u>	<u>12,177,136</u>
Income from operations	<u>1,179,395</u>	<u>1,632,123</u>
<b>Other income (expense)</b>		
Interest expense	(79,217)	(81,292)
Interest income	106,739	6,545
Unrealized foreign currency gain (loss)	20,733	(7,510)
Loss on disposal of property, plant and equipment	(4,001)	(27,648)
Gain on forgiveness of Paycheck Protection Program loan	-	576,070
Employee Retention Credit income (Note 10)	-	1,126,204
Other income, net	<u>28,321</u>	<u>34,248</u>
Total other (expense) income, net	<u>72,575</u>	<u>1,626,617</u>
Income before income taxes	1,251,970	3,258,740
<b>Income tax expense</b>	<u>42,055</u>	<u>36,915</u>
Net income	<u>1,209,915</u>	<u>3,221,825</u>

**See Notes to Consolidated Financial Statements**

	<u>2022</u>	<u>2021</u>		
			\$ 4,659,496	\$ 5,404,277
			812,150	960,490
	419,743		<del>1,126,293</del>	<del>3, -</del>
	<del>47,058</del>		<del>1,197,659</del>	<del>2,060,195</del>
	327,686		<del>337,644</del>	<del>432,996</del>
	83,747		<del>1,647,923</del>	<del>2,556,194</del>
	<u>11,796</u>		<del>55,849</del>	<del>10,462</del>
	<u>890,030</u>		<del>273,488</del>	<del>3,597</del>
	<u>318,236</u>		<del>59,127,983</del>	<del>59,428,206</del>
			<u>\$ 14,696,517</u>	<u>\$ 15,191,168</u>
				<u><del>3,002,005</del></u>
<b>Long-term liabilities</b>				
Finance lease liabilities, net of current portion			\$ <del>364,109</del>	<del>2,525,961</del>
Operating lease liabilities, net of current portion			<del>1,993,323</del>	<del>505,473</del>
Deferred franchise revenue, net of current portion			<del>923,379</del>	<del>5,627</del>
Paycheck Protection Program loan			<del>5,403,677</del>	<del>6,918,020</del>
Total long-term liabilities			<del>1,270,772</del>	<del>576,070</del>
Total liabilities			<del>21,993</del>	<del>10,020,051</del>
			<del>8,319,747</del>	<del>10,020,051</del>
			<del>10,949,495</del>	<del>13,022,056</del>
			<del>171,775</del>	<del>2,629,748</del>
			<del>2,629,748</del>	<del>2,629,748</del>
			<u>2022</u>	<u>2021</u>
<b>Revenues</b>				
Franchise fee revenue			\$ 2,353,912	\$ 3,182,348
Master and area license fee revenue			407,199	491,274
Royalty revenue			2,945,041	2,837,892
Fee revenue			3,287,833	3,006,400
Product revenue			4,811,196	5,338,672
Rebate revenue			1,884,968	1,743,688
Other revenue			<u>1,107,930</u>	<u>1,022,356</u>
Total revenues			<u>16,798,079</u>	<u>17,622,630</u>
<b>Cost of product revenue</b>			<u>2,988,820</u>	<u>3,397,958</u>

**9Round Franchising, LLC**

<del>Operating expenses</del>		
Advertising and marketing	2,102,498	937,847
Depreciation and amortization	460,099	535,490
Commissions	894,179	1,345,090
Professional fees	647,387	599,928
Personnel costs	4,240,905	4,277,383
Other operating expenses	<u>3,832,068</u>	<u>3,683,063</u>
Total operating expenses	<u>12,177,136</u>	<u>11,378,801</u>
Income from operations	<u>1,632,123</u>	<u>2,845,871</u>
 <del>Other income (expense)</del>		
Interest expense	(81,292)	(72,322)
Interest income	6,545	2,713
Unrealized foreign currency loss	(7,510)	(15,969)
Loss on disposal of property, plant and equipment	(27,648)	(4,785)
Gain on forgiveness of Paycheck Protection Program loan	576,070	-
Employee Retention Credit income (Note 11)	1,126,204	-
Other income, net	<u>34,248</u>	<u>20,194</u>
Total other (expense) income, net	<u>1,626,617</u>	<u>(70,169)</u>
Income before income taxes	3,258,740	2,775,702
 <del>Income tax expense</del>	<u>36,915</u>	<u>29,465</u>
Net income	<u>3,221,825</u>	<u>2,746,237</u>
 <del>Other comprehensive income (loss)</del>		
Changes in cumulative translation adjustments	<u>7,111</u>	<u>(1,138)</u>
Total comprehensive income	<u>\$ 3,228,936</u>	<u>\$ 2,745,099</u>

See Notes to Consolidated Financial Statements

*See Notes to Consolidated Financial Statements*



**9Round Franchising, LLC**  
***Consolidated Statements of Changes in Members' Equity***  
***For the years ended December 31, 2023 and 2022***

---

Accumulated Other  
Comprehensive **Loss**  
Loss

Accumulated  
Earnings

---

***See Notes to Consolidated Financial Statements***

***See Notes to Consolidated Financial Statements***

		<b>Total Members'</b>	
		<b>Equity</b>	
<b>Balance, January 1, 2022</b>	\$ (22,265)	\$ 2,318,445	\$ 2,296,180
Cumulative adjustment for implementation of ASC 842	-	(26,998)	(26,998)
Distributions to members	-	(1,751,096)	(1,751,096)
Net income	-	3,221,825	3,221,825
Other comprehensive income	7,111	-	7,111
<b>Balance, December 31, 2022</b>	<u>(15,154)</u>	<u>3,762,176</u>	<u>3,747,022</u>
Distributions to members	-	(1,017,185)	(1,017,185)
Net income	-	1,209,915	1,209,915
Other comprehensive loss	(38,977)	-	(38,977)
<b>Balance, December 31, 2023</b>	<u>\$ (54,131)</u>	<u>\$ 3,954,906</u>	<u>\$ 3,900,775</u>

**9Round Franchising, LLC**

***Consolidated Statements of Cash Flows***

***For the years ended December 31, 2023 and 2022***

	<b>2023</b>	<b>2022</b>
<b><i>Cash flows from operating activities</i></b>		
Net income	\$ 1,209,915	\$ 3,221,825
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	411,587	460,099
Decrease in discount on notes receivable	-	(23)
Gain on forgiveness of Paycheck Protection Program loan	-	(576,070)
Employee Retention Credit income	-	(1,126,204)
Loss on disposal of property and equipment	4,101	27,489
Provision for credit losses	81,663	52,522
Deferred taxes	37,513	25,139
Interest expense on finance lease liabilities	79,217	80,026
Changes in operating assets and liabilities:		
Trade accounts receivable	863,767	94,299
Inventories, net	460,437	262,540
Prepaid expenses	117,804	33,302
Deferred franchise costs	785,660	805,817
Due from related parties	-	(10,381)
Operating lease ROU assets and lease liabilities, net	2,199	6,927
Other current assets	-	6,333
Accounts payable	4,844	(13,926)
Accrued expenses	(139,675)	(319,928)
Income taxes payable	558	(3,696)
Deferred franchise revenue	(2,235,628)	(1,788,242)
Due to related parties	54,254	-
Other current liabilities	221,053	(19,393)
Net cash provided by operating activities	<u>1,959,269</u>	<u>1,218,455</u>
<b><i>Cash flows from investing activities</i></b>		
Purchase of property, plant and equipment	(415,985)	(65,782)
Issuance of notes receivable	(5,320)	(37,500)
Collections on notes receivable	16,373	2,817
Net cash used for investing activities	<u>(404,932)</u>	<u>(100,465)</u>
<b><i>Cash flows from financing activities</i></b>		
Principal payments on finance leases	(101,210)	(99,227)
Distributions to members	(1,017,185)	(1,751,096)
Net cash used for financing activities	<u>(1,118,395)</u>	<u>(1,850,323)</u>

***See Notes to Consolidated Financial Statements***

Net increase (decrease) in cash and cash equivalents  
Exchange rate effect on cash and cash equivalents

435,942

(732,333)

69,163

(12,448)

***Cash and cash equivalents, beginning of year***

4,659,496

5,404,277

***Cash and cash equivalents, end of year***

\$ 5,164,601

\$ 4,659,496

***Supplemental disclosure***

Cash paid for interest

\$ 79,217

\$ 81,292

Cash paid for income taxes

\$ 8,121

\$ 9,099

## 9Round Franchising, LLC

2022

2021

### Cash flows from operating activities

Net income	\$ 3,221,825	\$ 2,746,237
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	460,099	
Decrease in discount on notes receivable	(23)	

### Cash flows from investing activities

Gain on sale of property and equipment	(576,070)	
Purchase of property, plant and equipment	(1,126,784)	(256,747)
Issuance of notes receivable	(37,800)	-
Payments for assets acquired	52,522	(25,000)
Collection on notes receivable	25,287	10,541
Net cash used for investing activities	(100,465)	(271,206)

### Cash flows from financing activities

Trade accounts receivable	94,299	
Principal payments on finance leases	(99,227)	(117,637)
Inventory	262,540	
Proceeds from Paycheck Protection Program loan	-	576,070
Prepaid expenses	33,302	
Distributions to members	(1,751,096)	(3,072,607)
Deferred franchise costs	805,817	
Net cash used for financing activities	(1,850,323)	(2,614,174)
Due from related parties	(10,381)	
Net increase (decrease) in cash and cash equivalents	(732,333)	(1,353,833)
Operating lease ROU assets and lease liabilities, net	6,923	
Exchange rate effect on cash and cash equivalents	(12,748)	(196)
Other current assets	6,333	
Accounts payable	(13,926)	5,404,277
Accrued expenses	(310,028)	4,659,496
Income taxes payable	(3,696)	
Other current liabilities	(19,393)	
Cash paid for interest	\$ 229,171	\$ 72,322
Deferred franchise revenue	\$ (1,788,242)	\$ 16,625
Cash paid for income taxes	\$ 2,029	

See Notes to Consolidated Financial Statements

Cash and cash equivalents, beginning of year

Cash and cash equivalents, end of year

See Notes to Consolidated Financial Statements

See Notes to Consolidated Financial Statements



## **9Round Franchising, LLC**

### **Notes to Consolidated Financial Statements**

**December 31, 2023 and 2022**

---

#### **Note 1. Summary of Significant Accounting Policies and Activities**

##### **Description of business:**

9Round Franchising, LLC and its subsidiaries (collectively, the “Company”) were formed for the purpose of granting franchises for the establishment and operation of a center (“Center”) offering a service-oriented boxing and kickboxing fitness program combining strength, cardiovascular exercises and circuit training for the entire body to achieve results. A 9Round Center offers boxing and kickboxing fitness programs that provide professional assistance to clients for a total body workout using our proprietary system of challenging workout stations. A 9Round Center franchise will offer clients a variety of comprehensive services that include, but are not limited to, teaching various boxing and kickboxing disciplines in addition to selling retail and fitness products utilizing the Company’s proprietary business format and system.

On December 15, 2008, 9Round Franchising, LLC was formed under the laws of the State of South Carolina.

During 2008, the Company began offering franchises pursuant to federal and state laws that regulate the sale of franchises including the Federal Trade Commission’s Franchise Rule. The Company’s accounting for franchising operations is in accordance with franchisor accounting, generally accepted in the United States of America.

The franchise agreements typically require the franchisee to pay an initial, nonrefundable fee, as well as continuing royalties to the Company generally based upon a fixed fee stated in the contract. In most cases, under these arrangements, franchisees are granted the right to use and operate the location for a period of ten years with an additional ten-year renewal option contingent on payment of a renewal fee.

On November 27, 2013, the Company incorporated 9Round Franchising of Canada, Inc. under the British Columbia Corporations Act. On November 8, 2018 the Company incorporated 9RFranchising Canada, ULC under the British Columbia Corporations Act. On January 1, 2019, 9Round Franchising of Canada, Inc. was amalgamated as one company under the name 9RFranchising Canada, ULC. On July 31, 2018, 9Round Attic Holdings, LLC was formed under the laws of the State of South Carolina and is the U.S. parent of 9RFranchising Canada, ULC. 9Round Attic Holdings, LLC and 9RFranchising Canada, ULC are wholly owned subsidiaries of 9Round Franchising, LLC.

On December 16, 2014, the Company formed 9Round International, LLC under the laws of the State of South Carolina. 9Round International, LLC is a wholly owned subsidiary of 9Round Franchising, LLC.

On December 22, 2023, the Company formed 9Round Holding Company, LLC under the laws of the State of South Carolina. 9Round Holding Company, LLC is a wholly owned, non-operating, subsidiary of 9Round Franchising, LLC.

##### **Principles of consolidation:**

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and include the accounts of 9Round Franchising, LLC and its wholly owned subsidiaries, 9RFranchising Canada, ULC ~~and~~, 9Round International, LLC, and 9Round Holding Company, LLC. All significant intra-entity balances and transactions have been eliminated.

The Company does not apply the VIE consolidation model to its qualifying common control arrangements. Additionally, activity related to these arrangements is described in Note 7.

## 9Round Franchising, LLC

### Notes to Consolidated Financial Statements

December 31, 2023 and 2022

#### Note 1. Summary of Significant Accounting Policies and Activities, Continued

##### Cash and cash equivalents:

~~The Company places its cash with high quality financial institutions.~~ The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Company places its cash with high quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits. The Company has not experienced losses in such investments and does not believe it is exposed to any significant risk on its cash and cash equivalents.

##### Trade accounts receivable, net:

Trade accounts receivable consist primarily of franchise fees, royalties, and other fees due from franchisees. Receivables are recorded at their invoiced amounts, net of a reserve for potential credit losses. No interest is charged on outstanding receivables. ~~less an allowance for doubtful accounts. Management determines Prior to January 1, 2023, management estimated~~ the allowance for doubtful accounts by identifying troubled accounts and by ~~using~~ applying a historical experience ~~applied~~ to an aging of accounts. The allowance for doubtful accounts was approximately \$84,000 at December 31, 2022.

Effective January 1, 2023, the Company adopted Accounting Standards Update (ASU) 2016-13 as amended. An allowance for credit losses is maintain based on historical experience adjusted for current conditions and reasonable and supportable forecasts taking into account geographical and industry-specific economic factors. The Company also considers any specific customer collection issues. Since the Company's trade receivables are largely similar, the Company evaluates is allowance for credit losses as one portfolio segment. Receivables balances are charged against the allowance for credit losses after all means of collection have been exhausted and the potential for collections is considered remote. Provisions for credit losses on trade receivables are recorded in other operating expenses on the accompanying consolidated statement of operations and comprehensive income.

Estimating credit losses based on risk characteristics requires significant judgement by the Company. Significant judgments include but are not limited to assessing current economic conditions and the extent to which they would be relevant to the existing characteristics of the Company's financial assets, the estimated life of financial assets and the level of reliance on historical experience in light of economic conditions. The Company reviews and updates, when necessary, its historical risk characteristics that are meaningful to estimating credit losses, any new risk characteristics that arise in the natural course of business and the estimated life of its financial assets.

The following shows activity in the allowance for credit losses for the year ended December 31, 2023:

Balance at January 1, 2023	\$	83,610
Provision for credit losses		81,663
Credits charged-off against allowance		(8,090)
Balance at December 31, 2023	\$	<u>157,183</u>



## **9Round Franchising, LLC**

### **Notes to Consolidated Financial Statements**

**December 31, 2023 and 2022**

---

#### **Note 1.— Summary of Significant Accounting Policies and Activities, Continued**

##### **Notes receivable:**

Notes receivable consist of amounts due from new franchisees when a portion of the franchise sale has been financed by the Company, less an allowance for uncollectible notes for estimated losses resulting from franchisees' failure to make note payments in accordance with the terms of their respective loan agreements. Prior to January 1, 2023, management determined the allowance for uncollectible notes by identifying troubled accounts and by applying a historical experience to an aging of accounts. Effective January 1, 2023, management determined the allowance for credit losses associated with notes receivable in accordance with the guidance under ASU 2016-13. As of December 31, 2023 and 2022, management has determined that no allowance for credit losses on uncollectible notes was required.

Certain notes receivable from franchisees do not have a stated interest rate, the Company determines an effective interest rate in accordance with Accounting Standards Codification ("ASC") 835-30-35 *Interest – Imputation of Interest*. The Company recognizes interest income from these notes in the period earned. The Company had notes receivable balances totaling approximately \$25,000 and \$37,000 at December 31, 2023 and 2022, respectively.

Amounts charged to the allowance for credit losses are accounted for as a reduction in franchise fee revenue. ~~No interest is charged on outstanding receivables.~~ Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for ~~doubtful accounts.~~ The allowance for uncollectible accounts was approximately \$84,000 and \$35,000 as of December 31, 2022 and 2021, respectively. credit losses.

##### **Inventory:**

Inventory consisting of gym supplies, personal equipment, and apparel is stated at lower of cost or net realizable value. Net realizable value represents the estimated selling price for inventory less all estimated costs to sell. The cost of inventory is based on the first-in, first-out (FIFO) basis, and includes expenditures incurred in acquiring the inventory and other costs incurred in bringing it to its existing location and condition. A provision or write off is made for any obsolete or damaged inventory identified by management. Damaged inventory is written down as identified. Obsolescence is assessed based on factors such as consumable inventory and comparison of the level of inventory holding to the projected likely future sales using factors existing at the reporting date. The reserve for slow-moving or obsolete inventory was approximately \$29,000 and \$48,000 ~~and \$40,000~~ as of December 31, ~~2022~~2023 and ~~2021~~2022, respectively.

##### **Deferred franchise costs:**

Deferred franchise costs consist of commissions and other direct costs relating to initial franchise fees, development agreements and license fees for which revenue has not been recognized. These costs are deferred until the related revenue is recognized.

## 9Round Franchising, LLC

### Notes to Consolidated Financial Statements

December 31, 2023 and 2022

#### Note 1. Summary of Significant Accounting Policies and Activities, Continued

##### Property and equipment:

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the asset, and leasehold improvements are amortized over the shorter of the estimated useful lives or the period of the respective leases. No depreciation is taken on construction in progress. The estimated useful lives of the assets are as follows:

	<u>Estimated Useful Life</u>
Buildings	30.25 <del>Years</del> years
Leasehold improvements	30.25 <del>Years</del> years
Furniture and fixtures	7 <del>Years</del> years
Vehicles, software and equipment	3-5 <del>Years</del> years

Upon disposition, the asset cost and related accumulated depreciation are removed from the books and the resulting gain or loss is included in other expenses in the accompanying consolidated statements of operations and comprehensive income. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are expensed as incurred.

##### Notes receivable:

~~Notes receivable consist of amounts due from new franchisees when a portion of the franchise sale has been financed by the Company, less an allowance for uncollectible notes for estimated losses resulting from franchisees' failure to make note payments in accordance with the terms of their respective loan agreements. Management determines the allowance for uncollectible notes by identifying troubled accounts and by using historical experience applied to an aging of accounts. Amounts charged to the allowance for uncollectible notes are accounted for as a reduction in franchise fee revenue. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for uncollectible notes. As of December 31, 2022 and 2021, no allowance for uncollectible notes was recorded. Certain notes receivable from franchisees do not have a stated interest rate, the Company determines an effective interest rate in accordance with Accounting Standards Codification ("ASC") 835-30-35 Interest on Receivables and Payables. The Company recognizes interest income from these notes in the period earned. The Company had notes receivable balances totaling approximately \$37,000 and \$4,000 at December 31, 2022 and 2021, respectfully.~~

##### Intangible assets:

Intangible assets primarily consist of certain legal and related costs incurred in connection with trademark applications as well as costs to acquire the franchise development rights for Wisconsin from a franchisee. The Company capitalizes such costs to the extent that an economic benefit is anticipated from the resulting trademark and development rights, or an alternative future use is available to the Company. Amortization of trademark costs and development rights is provided for by the straight-line method over the estimated useful lives of the assets. The Company's assessment of future economic benefit of its intangible assets involves management judgment, and a different conclusion could result in an impairment charge up to the carrying value of these assets.

## **9Round Franchising, LLC**

### **Notes to Consolidated Financial Statements**

**December 31, 2023 and 2022**

---

#### **Note 1. — Summary of Significant Accounting Policies and Activities, Continued**

##### **Impairment of long-lived assets:**

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to undiscounted future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Management believes there is no impairment with long-lived assets as of December 31, ~~2022~~2023 and ~~2021~~2022.

## **9Round Franchising, LLC**

### **Notes to Consolidated Financial Statements**

**December 31, 2023 and 2022**

---

#### **Note 1. Summary of Significant Accounting Policies and Activities, Continued**

##### **Revenue recognition:**

The Company recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers.

The Company's revenue primarily consists of franchise revenue, master and area license fee revenue, product revenue, rebate revenue, and Company-owned gym revenue. The Company's products and services are sold primarily to customers in the United States, Canada and certain international markets. Our results of operations are substantially affected by economic conditions, which can vary significantly by market and can be impacted by consumer disposable income levels and spending habits.

*Franchise revenue:* Franchise revenue consists primarily of initial and renewal franchise fees, royalties, advertising revenue, and other fees.

Our franchise agreements include (a) the right to use our symbolic intellectual property over the term of each franchise agreement, (b) pre-opening services, such as training, and (c) ongoing services, such as management of the advertising contributions, development of training materials and gym monitoring. These promises are highly dependent upon and interrelated with the franchise right granted in the franchise agreement, so they are not considered to be individually distinct and therefore are accounted for as a single performance obligation. Revenue from franchise agreements, which consists of royalties, advertising, and other fees, is recognized evenly over the term of the agreement with the exception of sales-based fees.

Sales-based royalty and sales-based advertising revenues are recognized in the period in which the sales occur. Sales-based royalties and sales-based advertising are variable consideration related to the Company's performance obligation to the franchisees to maintain the intellectual property being licensed.

Franchise fee revenue consists of initial and transfer franchise fees. Franchise fees are billed and received upon the signing of the franchise agreement. Recognition of these fees occur over time based on the term of the underlying franchise agreement. In the event a franchise agreement is terminated, any remaining deferred fees are recognized in the period of termination.

---

## **9Round Franchising, LLC**

### **Notes to Consolidated Financial Statements**

**December 31, 2022 and 2021**

---

#### **Note 1. Summary of Significant Accounting Policies and Activities, Continued**

##### **Revenue recognition, continued:**

*Master and area license revenue:* The Company sells master and area licenses that grant the sole rights to develop 9Round Centers and grant individual franchises within a specific geographical area. These agreements transfer franchise rights within a geographical area permitting the opening of a number of franchised outlets. Decisions regarding the number of outlets and their locations are primarily made by the master franchisee with approval of the Company. The Company believes the license and development rights are distinct from the franchise agreements.

Similar to the franchise agreements, the right to use our symbolic intellectual property over the term of the license agreement is accounted for as a single performance obligation recognized evenly over the term of the license agreement. In the event a license agreement is terminated, any remaining deferred fees are recognized in the period of termination.

## 9Round Franchising, LLC

### Notes to Consolidated Financial Statements

December 31, 2023 and 2022

#### Note 1. Summary of Significant Accounting Policies and Activities, Continued

##### Revenue recognition, continued:

*Product revenue:* Revenue from the sale of products is recognized upon transfer of control to the customer, which is typically upon shipment. The Company has elected to treat shipping and handling activities related to contracts with customers as costs to fulfill the promise to transfer the associated equipment and not as a separate performance obligation. The Company collects and remits sales taxes on transactions with customers and reports such amounts under the net method in the consolidated statements of operations and comprehensive income. Accordingly, these taxes are not included in gross revenue.

*Rebate revenue:* Rebates are received based on purchases of goods or services by a franchisee to approved vendors required in the franchise agreements. Revenue is recognized at a point in time each month.

*Company-owned gym revenue:* Gym revenue consists of membership fees and merchandise sales. Membership revenue is a stand-ready performance obligation with a series of distinct time increments and therefore is a single performance obligation. Revenue from gym memberships is recognized evenly over the term of the membership agreement. The Company records revenue from sales of merchandise upon delivery of the good to the customer, which is when our performance obligation is satisfied.

Revenue from products and merchandise sales and rebates is recognized at a point in time, whereas franchise fee, master and area license fee, royalty, and fee revenue are recognized over time. Total revenue recognized at a point in time and over time was approximately as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenue recognized at a point in time	\$ <u>4,761,000</u>	\$ <u>7,115,369</u>	\$ <u>7,758,785</u>
Revenue recognized over time	<u>8,732,000</u>	<u>9,682,710</u>	<u>9,863,845</u>
	<u>\$ 13,493,000</u>	<u>\$ 16,798,079</u>	<u>\$ 17,622,630</u>

With the exception of initial, renewal, and master area and license fees, all other revenue is either collected on the date of transaction or within one month. The Company believes its franchising, master and area licensing agreements do not contain a significant financing component because (a) the timing of the upfront payment does not arise for the reason of provision of financing to the Company and (b) the sales-based royalty is variable and based on factors outside the Company or the franchisee's control.

## **9Round Franchising, LLC**

### **Notes to Consolidated Financial Statements**

**December 31, 2022 and 2021**

---

#### **Note 1.— Summary of Significant Accounting Policies and Activities, Continued**

##### **Leases:**

In February 2016, the FASB issued ASC Topic 842, *Leases*, ~~(Topic 842)~~, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. ~~Similar to the previous lease guidance, the~~ The update retains a distinction between finance leases (similar to capital leases ~~in Topic 840, Leases under previous guidance~~) and operating leases, with classification affecting the pattern of expense recognition in the income statement.-

## 9Round Franchising, LLC

### Notes to Consolidated Financial Statements

December 31, 2023 and 2022

#### Note 1. Summary of Significant Accounting Policies and Activities, Continued

##### Leases, continued:

The Company adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which ~~eliminates~~eliminated the requirement to restate the prior-period financial statements. Under this transition provision, the Company ~~has~~ applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods ~~continue~~continued to be reported and disclosed in accordance with the Company's historical accounting treatment under ASC Topic 840, *Leases*.

The Company elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Company ~~does~~did not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Company ~~has~~did not ~~elect~~elect to adopt the "hindsight" practical expedient, and therefore ~~will measure~~measured the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022. Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Company's leases of approximately \$1,341,000 and \$1,353,000, respectively, at January 1, 2022, and a cumulative-effect adjustment of approximately \$27,000 to the opening balance of retained earnings.

The Company determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Company obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Company also considers whether its service arrangements include the right to control the use of an asset.

The Company made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

~~Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Company's leases of approximately \$1,341,000 and \$1,353,000, respectively, at January 1, 2022, and a cumulative-effect adjustment of approximately \$27,000 to the opening balance of retained earnings.~~



---

**9Round Franchising, LLC****Notes to Consolidated Financial Statements****December 31, 2022 and 2021**

---

**Note 1. — Summary of Significant Accounting Policies and Activities, Continued****Income taxes:**

The Company is taxed as a partnership for federal income tax purposes. Consequently, federal income taxes are not provided for or payable by the Company. The Company is subject to various state level taxes. The Company has elected to file composite filings for state income taxes in those states in which the Company meets the requirements for composite filing.

## **9Round Franchising, LLC**

### **Notes to Consolidated Financial Statements**

**December 31, 2023 and 2022**

---

#### **Note 1. Summary of Significant Accounting Policies and Activities, Continued**

##### **Income taxes, continued:**

The Company is considered a non-resident in foreign jurisdictions and is subject to corporate withholding taxes for payments of royalties and similar payments made by its foreign franchisees. The Company recognizes these withholding taxes in the provision for income taxes in the consolidated statements of operations and comprehensive income. The Company's net income or loss is allocated to the members who are taxed individually on their share of each Company's earnings.

The Company recognizes income tax related interest and penalties in interest expense and other operating expenses, respectively, in the consolidated statements of operations and comprehensive income.

9Round International, LLC ~~is a~~, 9Round Attic Holdings, LLC, and 9Round Holding Company, LLC are single member ~~LLCs~~ and, as such, ~~is~~ are treated as ~~a division~~ divisions of 9Round Franchising, LLC for federal income tax purposes.

Because of ~~its~~ their status, ~~the Company is~~ these entities are disregarded as ~~a separate entity~~ entities for income tax purposes, therefore ~~the Company itself does~~ these entities do not file ~~an~~ income tax ~~return~~ returns separate and apart from ~~its~~ their parent, 9Round Franchising, LLC.

9RFranchising Canada, ULC is taxed as a corporation in Canada and accounts for income taxes in accordance with generally accepted accounting standards, which requires the use of the liability method of accounting for income taxes. Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred income taxes are provided for the temporary differences in basis of the Company's assets and liabilities and their reported amounts. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are determined based on the enacted rates that are expected to be in effect when these differences are expected to reverse. Deferred tax expense or benefit is the result of the changes in the deferred tax assets and liabilities. The Company records a valuation allowance to reduce deferred tax assets if it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The Company recognizes income tax related interest and penalties in interest expense and other operating expenses, respectively, in the consolidated statements of operations and comprehensive income.

##### **Advertising:**

All costs associated with advertising and marketing are expensed in the period incurred. Advertising and marketing costs ~~were totaled~~ approximately \$1,533,000 and \$2,102,000 ~~and \$938,000~~ for the years ended December 31, 2022 ~~2023~~ and 2021 ~~2022~~, respectively.

##### **Personnel costs:**

Personnel costs include all salaries, wages, and contract labor paid to employees and contract laborers. Personnel costs also include charges for employee benefits, various payroll taxes and other payroll related fees.

## **9Round Franchising, LLC**

### **Notes to Consolidated Financial Statements**

**December 31, 2022 and 2021**

---

#### **Note 1. — Summary of Significant Accounting Policies and Activities, Continued**

##### **Shipping and handling costs:**

Amounts billed to a customer in a sales transaction related to shipping and handling are included in revenue in the accompanying consolidated statements of operations and comprehensive income. Costs incurred for shipping and handling are included in cost of product revenue in the accompanying consolidated statements of operations and comprehensive income.

##### **Presentation of sales taxes:**

The states and municipalities in which the Company operates impose sales tax on all of the Company's nonexempt revenue. The Company collects sales tax from its franchisees and remits the entire amount to the appropriate taxing authority. The Company's policy is to exclude the tax collected and remitted from revenue and cost of product revenue in the accompanying consolidated statements of operations and comprehensive income. The Company accrues sales tax liabilities as it records sales, maintaining the amount owed to the taxing authorities as a current liability.

##### **Other comprehensive income:**

Other comprehensive income consists of foreign currency translation adjustments.

##### **Foreign currency:**

Foreign currency denominated assets and liabilities are translated into U.S. dollars using the exchange rates in effect at the balance sheet date. Results of operations and cash flows are translated using the average exchange rates throughout the period. The effect of exchange rate fluctuations on translation of assets and liabilities is included as a component of members' equity in accumulated other comprehensive loss. Gains and losses from foreign currency transactions are included in other income and expense.

##### **Employee Retention Credit:**

~~The Company has incurred certain employment taxes during 2020 and 2021 and is yet to receive the refundable Employee Retention Credit. The Company has accounted for the credit as a loss recovery under ASC 410, *Asset Retirement and Environmental Obligations* (by analogy), which indicates that a claim for recovery should be recognized only when the claim is probable as it is defined in ASC Topic 450, *Contingencies*. The Company has elected to account for the credit on a gross basis within the consolidated statements of operations and comprehensive income.~~

##### **Use of estimates:**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated

## **9Round Franchising, LLC**

### **Notes to Consolidated Financial Statements**

**December 31, 2023 and 2022**

---

#### **Note 1. Summary of Significant Accounting Policies and Activities, Continued**

financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and assumptions.

---

**9Round Franchising, LLC****Notes to Consolidated Financial Statements****December 31, 2022 and 2021**

---

**Note 1. — Summary of Significant Accounting Policies and Activities, Continued****Fair value of assets and liabilities:**

The carrying values of all of the Company's financial instruments approximate their fair values. The Company applies the guidance related to fair value for certain non-financial assets and liabilities. The non-financial assets and liabilities include items such as long-lived assets and intangibles.

## 9Round Franchising, LLC

### Notes to Consolidated Financial Statements

December 31, 2023 and 2022

#### Note 1. Summary of Significant Accounting Policies and Activities, Continued

##### Recently adopted accounting pronouncement:

Effective January 1, 2023, the Company adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended. The update creates a new impairment standard for financial assets measured at amortized cost. Financial assets measured at amortized cost will be presented at the net amount to be expected to be collected through an allowance for credit losses that are expected to occur of the remaining life of the asset. The existing incurred loss model has been replaced with a current expected credit loss (CECL) model. The Company adopted the guidance in the update using the modified retrospective approach. Upon adoption, management determined that there was no material impact to the financial statements and accordingly no adjustment to retained earnings was recorded upon adoption.

Under Topic 326, the Company changed its policy for assessing credit losses to include consideration of a broader range of information to estimate credit losses over the life of its financial assets. As of December 31, 2023, the financial assets of the Company within the scope of the assessment comprised trade accounts receivable, notes receivable from franchisees, and contract assets resulting from revenue transactions (deferred franchise costs). Estimated credit losses on notes receivable from franchisees and contract assets were not material.

##### Subsequent events:

~~The Company has evaluated events and transactions for potential recognition or disclosure through April 17, 2023, the date the consolidated financial statements were available for issuance.~~

##### Reclassifications:

Certain reclassifications have been made to the prior year consolidated financial statements to conform to current year presentation. These reclassifications had no effect on the previously reported net income or members' equity.

##### Subsequent events:

~~The Company has evaluated events and transactions for potential recognition or disclosure through April 26, 2024, the date the consolidated financial statements were available for issuance.~~

#### Note 2. Property and Equipment

Property and equipment consisted of the following as of December 31, ~~2022~~2023 and ~~2021~~2022:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 1,628,035	\$ 1,384,468
Furniture and fixtures	247,774	216,402
Vehicles and equipment	214,183	216,169
Software	634,561	634,561

## **9Round Franchising, LLC**

### **Notes to Consolidated Financial Statements**

**December 31, 2023 and 2022**

#### **Note 1.— Summary of Significant Accounting Policies and Activities, Continued**

Construction in progress	<u>156,746</u>	<u>26,473</u>
	2,881,299	2,478,073
Less: accumulated depreciation	<u>(2,135,155)</u>	<u>(1,811,004)</u>
	746,144	667,069
Buildings under finance leases – net of accumulated amortization of \$371,106 and \$301,742 in 2023 and 2022, respectively	<u>1,709,820</u>	<u>1,779,184</u>
Property and equipment, net	<u>\$ 2,455,964</u>	<u>\$ 2,446,253</u>

## **9Round Franchising, LLC**

### **Notes to Consolidated Financial Statements**

**December 31, 2023 and 2022**

---

#### **Note 1. Summary of Significant Accounting Policies and Activities, Continued**

Depreciation expense for the years ended December 31, 2023 and 2022 ~~and 2021~~ was approximately \$402,000 and  
\$451,000 ~~and~~  
\$503,000, respectively, which includes approximately \$69,000 ~~and \$91,000~~ of amortization expense related to finance leases for the years ended December 31, 20222023 and 2021, respectively2022.



## 9Round Franchising, LLC

### Notes to Consolidated Financial Statements

December 31, 2023 and 2022

#### Note 2. Property and Equipment, Continued

#### ~~Notes to Consolidated Financial Statements~~

~~December 31, 2022 and 2021~~

#### Note 3. Intangible Assets

Intangible assets consisted of the following as of December 31, ~~2022~~2023 and ~~2021~~2022:

	December 31, <del>2022</del> 2023		
	Cost	Accumulated Amortization	Net
Development rights	\$ 179,708	\$ 179,708	\$ -
Trademark	94,115	65,881	28,234
	<u>\$ 273,283</u>	<u>\$ 245,589</u>	<u>\$ 28,234</u>

	December 31, <del>2021</del> 2022		
	Cost	Accumulated Amortization	Net
Development rights	\$ 179,708	\$ 179,708	\$ -
Trademark	94,115	56,469	37,646
	<u>\$ 273,823</u>	<u>\$ 236,177</u>	<u>\$ 37,646</u>

Amortization expense was approximately \$9,000 for each of the years ended December 31, ~~2022~~2023 and ~~2021~~  
~~was approximately \$9,000 and \$32,000, respectively. 2022.~~ The estimated amortization of intangible assets for the  
years subsequent to December 31, ~~2022~~2023, is as follows:

2024	\$ 9,412
2025	9,412
2026	9,411
	<u>\$ 28,235</u>

#### Note 4. ~~Contract~~ Contract Balances

Contract balances related to contracts with customers consist of receivables, deferred franchise costs, and deferred revenue. See Note 1 for details on accounts receivable. The opening balance of trade accounts receivable, net at January 1, 2022 was approximately \$960,000.

## 9Round Franchising, LLC

### *Notes to Consolidated Financial Statements*

~~December 31, 2023 and 2022~~ (contract asset) consist of commissions and other direct costs relating to initial franchise fees, developmental agreements, and license fees for which revenue has not been recognized. Deferred franchise revenue (contract liability), represents that portion of the total revenue from initial franchise, license, and development agreements attributable to services required to be provided by the Company that have not yet been performed.

The opening balance of deferred franchise costs and deferred franchise revenue as of January 1, ~~2021~~2022 was approximately \$~~3,911~~2,884,000 and \$~~11,087~~8,455,000, respectively.

**Notes to Consolidated Financial Statements**  
**December 31, 2022 and 2021****Note 5. Leases**

The Company leases its warehouse facilities, studio, Company-owned gyms and office equipment under operating lease agreements that mature between September 2023 and December 2030. Some leases include one or more options to renew, generally at the Company's sole discretion, with renewal terms that can extend the lease term up to 10 years. In addition, certain leases contain termination options, where the rights to terminate are held by either the Company, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Company will exercise that option. The Company's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

The Company also leases its office facilities in Simpsonville, South Carolina under finance leases, which including renewals, expire between March 2048 and July 2049. The interest rate implicit on these leases is 3.95%. The Company's finance leases generally do not contain any material restrictive covenants or residual value guarantees. The right-of-use assets associated with the Company's finance leases are included as a component of property and equipment, net on the accompany consolidated balance sheets.

Operating lease cost is recognized on a straight-line basis over the lease term. Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. The components of lease expense are as follows for the ~~year~~years ended December 31, ~~2022~~:

**Total rent expense for operating leases was approximately \$312,000 for the year ended December 31, 2021.**

	2023	2022
Operating lease cost	\$ 349,530	\$ 342,363
Finance lease cost – amortization of ROU assets	69,365	69,365
Finance lease cost – interest on lease liabilities	78,973	80,026
Variable lease cost	44,458	73,743
	<u>\$ 542,326</u>	<u>\$ 565,497</u>

## 9Round Franchising, LLC

### Notes to Consolidated Financial Statements

December 31, 2023 and 2022 information related to leases is as follows for the ~~year~~ years ended December 31, ~~2022~~:

#### Note 4. Contract Balances, Continued

	2023	2022
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows – payments on operating leases	\$ 347,331	\$ 335,436
Financing cash outflows – payments on finance leases	\$ 100,626	\$ 99,227
Right-of-use assets obtained in exchange for new lease obligations:		
Operating leases	\$ -	\$ 128,697
<del>Operating cash outflows – payments on operating leases</del>	<del>\$ 335,436</del>	<del>\$ 335,436</del>
<del>Financing cash outflows – payments on finance leases</del>	<del>\$ 99,227</del>	<del>\$ 99,227</del>
<del>Right-of-use assets obtained in exchange for new lease obligations:</del>		
<del>Operating leases</del>	<del>\$ 128,697</del>	<del>\$ 128,697</del>

The weighted-average remaining lease term and weighted-average discount rate at December 31, 2023 and 2022 are as follows:

	<u>Operating</u> <u>Leases</u>	<u>Finance</u> <u>Leases</u>
<u>December 31, 2023:</u>		
Weighted-average remaining lease term	4.0 years	24.6 years
Weighted-average discount rate	5.33%	3.95%

## 9Round Franchising, LLC

### Notes to Consolidated Financial Statements

December 31, 2022 ~~and 2021~~:

Weighted-average remaining lease term	4.6 years	25.7 years
Weighted-average discount rate	5.31%	3.95%

#### Note 5. ~~Leases, Continued~~

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the balance sheet are as follows as of December 31, ~~2022~~2023:

<del>Operating</del>	<del>Finance</del>
<del>Leases</del>	<del>Leases</del>

~~Future minimum lease commitments, as determined under Topic ASC 840, for all non-cancellable leases are as follows as of December 31, 2021:~~

<del>Operating</del>	<del>Capital</del> <del>Finance</del>
<del>Leases</del>	<del>Leases</del>

#### Note 6. ~~Paycheck Protection Program~~

~~In February 2021, the Company executed a term note with a financial institution in the principal amount of approximately \$576,000 pursuant to a second draw Paycheck Protection Program ("PPP") loan which provided additional support under the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act (the "Economic Aid Act"). The term of the PPP loan was for five years with an interest rate of 1.0% per annum, which payments could be deferred up to the first sixteen months of the term of the loan. After the initial deferral period, the loan required monthly payments of principal and interest until maturity with respect to any portion of the PPP loan which was not forgiven. A PPP loan recipient may apply for, and be granted, forgiveness for all or a portion of the loan granted under the program. Such forgiveness was determined based upon the use of loan proceeds for payroll costs, rent and utility costs, and the maintenance of employee and compensation levels. In May 2022, the Small Business Administration approved the Company's application for forgiveness and remitted payment to the lender for the full amount. Accordingly, the Company recognized a gain on forgiveness of debt at the time totaling \$576,070. This gain is included as a component of other income (expense) on the accompanying statements of operations and comprehensive income.~~

2024	\$ 291,482	\$ 103,234
2025	264,296	105,299
2026	218,280	107,405
2027	193,703	109,553
2028	19,413	111,744
Thereafter	<u>39,998</u>	<u>2,709,934</u>
Total lease payments	1,027,172	3,247,169
Less imputed interest	<u>(103,824)</u>	<u>(1,253,846)</u>
Total present value of lease liabilities	<u>\$ 923,348</u>	<u>\$ 1,993,323</u>



---

**9Round Franchising, LLC**

**Notes to Consolidated Financial Statements**

**December 31, 2023 and 2022**

---

**Note 5. Leases, Continued**

**Notes to Consolidated Financial Statements**

**December 31, 2022 and 2021**

---

## 9Round Franchising, LLC

### Notes to Consolidated Financial Statements

December 31, 2023 and 2022

#### ~~Note 7. Income Taxes~~

#### Note 6. Income Taxes

The Company is taxed as a partnership under the provisions of Subchapter K of the Internal Revenue Code. Consequently, federal income taxes are not provided for or payable by the Company. ~~9Round International, LLC is a single member LLC and, as such, is treated as a division of 9Round Franchising, LLC for federal income tax purposes. Because of its status, the Company is disregarded as a separate entity for income tax purposes, therefore the Company itself does not file an income tax return separate and apart from its parent, 9Round Franchising, LLC.~~ 9Round Franchising, LLC files income tax returns in the U.S. federal jurisdiction, and the various states in which it operates. 9Round Franchising, LLC is subject to routine audits by taxing jurisdictions. 9Round Franchising, LLC believes it is no longer subject to income tax examinations for the years prior to 2019, 2020.

The Company is considered a non-resident in foreign jurisdictions and is subject to corporate withholding taxes for payments of royalties and similar payments made by its foreign franchisees.

In accordance with FASB ASC 740-10, *Income Taxes*, 9Round Franchising, LLC is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

9Round Franchising, LLC has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. 9Round Franchising, LLC believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on its financial condition, results of operations or cash flows. Accordingly, 9Round Franchising, LLC has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2022, 2023 and 2021, 2022.

9RFranchising Canada, ULC is taxed as a general corporation under the Canadian federal tax regulations, and for the years ending December 31, 2022, 2023 and 2021, 2022, 9RFranchising Canada, ULC was subject to provincial taxes. 9RFranchising Canada, ULC is solely owned by 9Round Attic Holdings, LLC, and as such, is treated as a disregarded entity for U.S. federal income tax purposes. The activity of 9RFranchising Canada, ULC is reported on the U.S. partnership income tax returns.

9RFranchising Canada, ULC files income tax returns in the Canadian federal jurisdiction. 9RFranchising Canada, ULC is subject to routine audits by taxing jurisdictions. 9RFranchising Canada, ULC is no longer subject to income tax examinations for the years prior to 2019.

The income tax expense consisted of the following for the years ended December 31, 2022, 2023 and 2021, 2022:

	<u>2023</u>	<u>2022</u>
	<u>2021</u>	
Current:		
Foreign	\$ 6,493	\$ 8,178
Deferred:		
Foreign	35,562	28,737
Income tax expense	<u>\$ 42,055</u>	<u>\$ 36,915</u>



---

**9Round Franchising, LLC****Notes to Consolidated Financial Statements****December 31, 2023 and 2022**

---

**Note 5. Leases, Continued****Notes to Consolidated Financial Statements****December 31, 2022 and 2021**

---

**Note 7. Income Taxes, Continued**

Deferred income taxes are provided for temporary differences between the basis of assets and liabilities for financial reporting purposes and income tax purposes.



## 9Round Franchising, LLC

### Notes to Consolidated Financial Statements

December 31, 2023 and 2022

#### Note 6. Income Taxes, Continued

The components of the net deferred tax asset as of December 31, ~~2023 and 2022~~ ~~and 2021~~ consisted of the following:

	<u>2023</u>	<u>2022</u>
Deferred tax asset:		
Deferred revenue	\$ 98,720	\$ 156,292
Deferred tax liability:		
Deferred franchise costs	(79,272)	(101,282)
Net deferred tax asset	<u>\$ 19,448</u>	<u>\$ 55,010</u>

In accordance with FASB ASC 740-10, *Income Taxes*, 9RFranchising Canada, ULC is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

9RFranchising Canada, ULC has analyzed tax positions taken for filing with the Canadian Revenue Agency. ~~Subsequent to December 31, During~~ 2022, the Canadian Revenue Agency assessed 9RFranchising Canada, ULC for failure to withhold under Part XIII of the Income Tax Act for the years 2015-2021. In connection with this assessment, the 9RFranchising Canada, ULC has recorded an accrual of ~~\$198,981 and \$188,213 as of December 31, 2023 and 2022, respectively, which is~~ included in accrued expenses on the accompanying consolidated balance ~~sheet as of December 31, 2022 and an~~ sheets. An expense of ~~the same amount \$188,213 was~~ recorded in other operating expenses on the accompanying consolidated statement of operations and comprehensive income for the year ended December 31, ~~2022-2023. The change in the accrued balance during the year ended December 31, 2023 is the result of changes in the currency exchange rate.~~ 9RFranchising Canada, ULC has filed an objection with the Canadian Revenue Agency. The liability is subject to change and it is possible that the amount will differ from the amounts recorded. Any resulting adjustment will be recorded in the period incurred.

#### Note 87. Related Party Transactions

The majority members of the Company own an interest in H&S Empire, LLC ("H&S"). The Company leases its main office facilities from H&S under finance lease agreements (Note 5). During the years ended December 31, ~~2022-2023~~ and ~~2021-2022~~, the Company made cash payments totaling ~~\$99,227~~ ~~approximately \$101,000~~ and ~~\$117,637~~ ~~\$99,000~~, respectively, to H&S under these finance lease agreements. The Company also leases three studio locations from H&S under operating leases. During the years ended December 31, ~~2022-2023~~ and ~~2021-2022~~, the Company made cash payments totaling ~~approximately \$51,000 and \$50,196 and \$000, respectively, to H&S under these operating lease agreements.~~ ~~\$49,610, respectively, to H&S under these operating lease agreements.~~

At December 31, ~~2022-2023~~ and ~~2021-2022~~, the Company had receivables of approximately \$21,000 and ~~\$1021,000~~, respectively, from related parties with common ownership. These amounts have been recorded in current assets in the accompanying consolidated balance sheets as payment is expected within one year from the consolidated balance sheet date.

## 9Round Franchising, LLC

### Notes to Consolidated Financial Statements

December 31, 2023 and 2022

#### Note 8. Summary of Franchises

##### Notes to Consolidated Financial Statements

December 31, 2022 and 2021

#### Note 9. Summary of Franchises

The following is a summary of changes in the number of U.S. franchises during the years ended December 31, ~~2022~~2023 and ~~2021~~2022:

	2023	2022
Outlets in operation at beginning of year	371	445
Outlets opened during the year	4	7
Outlets terminated or closed during the year	(96)	(81)
Outlets in operation at end of year	<u>279</u>	<u>371</u>
Franchised outlets	275	365
Affiliate and company owned outlets	4	6

#### Note 9. Paycheck Protection Program

In February 2021, the Company executed a term note with a financial institution in the principal amount of approximately \$576,000 pursuant to a second draw Paycheck Protection Program ("PPP") loan which provided additional support under the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act (the "Economic Aid Act"). The term of the PPP loan was for five years with an interest rate of 1.0% per annum, which payments could be deferred up to the first sixteen months of the term of the loan. After the initial deferral period, the loan required monthly payments of principal and interest until maturity with respect to any portion of the PPP loan which was not forgiven. A PPP loan recipient may apply for, and be granted, forgiveness for all or a portion of the loan granted under the program. Such forgiveness was determined based upon the use of loan proceeds for payroll costs, rent and utility costs, and the maintenance of employee and compensation levels. In May 2022, the Small Business Administration approved the Company's application for forgiveness and remitted payment to the lender for the full amount. Accordingly, the Company recognized a gain on forgiveness of debt at the time totaling \$576,070. This gain is included as a component of other income (expense) on the accompanying statements of operations and comprehensive income.

#### Note 10. Employee Retention Credit

The Employee Retention Credit ("ERC") program was created under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and was significantly modified, expanded and extended into the first two quarters of calendar year 2021 by the Consolidated Appropriations Act, 2021 (the "Act"). The goal of the ERC program ~~is~~was to encourage employers to retain and continue paying employees during periods of pandemic-related reductions in business volume even if those employees ~~are~~were not actually working, and therefore, ~~are~~were not providing a service to the employer. Under the Act, eligible employers could take credits up to 70% of qualified wages with a limit of

\$10,000 per employee per quarter for the first two quarters of calendar year 2021. In order to qualify for the ERC, organizations ~~have~~had to experience at least a 20% drop in gross receipts in the quarter compared to the same quarter in calendar year 2019. The American Rescue Plan Act of 2021 extended the ERC to the third quarter of

---

**9Round Franchising, LLC****Notes to Consolidated Financial Statements****December 31, 2023 and 2022**

---

**Note 6. Income Taxes, Continued**

calendar year 2021.

## 9Round Franchising, LLC

### Notes to Consolidated Financial Statements

~~During 2022, the Company~~ claimed an ERC of approximately \$1,126,000 with the Internal Revenue Service. Approximately \$881,000 pertained to 2021 qualified wages and approximately \$245,000 pertained to 2020 qualified wages. Management believes that the claim is in alignment with applicable regulatory criteria, the amounts are known and realizable, and receipt of the refundable ERC is probable. As such, the Company recognized this amount within other income (expense) in the accompanying consolidated statements of operations and comprehensive income for the year ended December 31, 2022. The total amount of ERC claimed by the company in 2022 ~~is~~was included as a receivable on the consolidating balance sheet as of December 31, 2022. ~~As of the date that the consolidated financial statements were available to be issued the~~The Company ~~had~~ received ~~approximately \$260,000 or the total credit~~the entire amount of the recorded receivable. ~~The remaining credit is expected to be received in~~during the year ended December 31, 2023.

## **9Round Franchising, LLC**

### **Notes to Consolidated Financial Statements**

**December 31, 2023 and 2022**

---

#### **Note 10. Employee Retention Credit, Continued**

##### **Notes to Consolidated Financial Statements**

**December 31, 2022 and 2021**

#### **Note 11. Commitments and Contingencies**

Various legal actions and claims which have arisen in the normal course of business may be pending against the Company from time to time. It is the opinion of management that the ultimate resolution of these contingencies will not have a material effect on the financial condition, results of operations or liquidity of the Company.

Additionally, it is reasonably possible that estimates made in the consolidated financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including losses on inventory and impairment losses related to other long-lived assets.

#### **Note 12. Subsequent Events**

Effective February 28, 2024, the Company acquired certain assets from ILKB Too LLC through its subsidiary 9Round Holding Company, LLC. The acquisition took place pursuant to an asset purchase agreement for a purchase price of approximately \$1,400,000, consisting of \$800,000 paid in cash and \$600,000 in payments contingent upon the renewal of certain expired franchise agreements acquired in the transaction.

**EXHIBIT C**  
**FRANCHISE AGREEMENT AND STATE ADDENDA**





## Franchise Agreement Summary Page

### Franchisee Information:

Complete Business Name: \_\_\_\_\_

Principal Owner(s):

(25% or more ownership, direct or indirect)

_____ %	
Full Name	Percentage Interest
_____ %	
Full Name	Percentage Interest
_____ %	
Full Name	Percentage Interest
_____ %	
Full Name	Percentage Interest

Additional Owners:

(less than 25% ownership)

_____ %	
Full Name	Percentage Interest
_____ %	
Full Name	Percentage Interest

Address for Notices (not a P.O. Box): \_\_\_\_\_

Telephone No.: \_\_\_\_\_

Facsimile No.: \_\_\_\_\_

Mobile Phone: \_\_\_\_\_

Email Address: \_\_\_\_\_

Preliminary Designated Area: \_\_\_\_\_

Initial Franchise Fee:

~~\$19~~24,900

Royalty Fee:

\$600 or 6% of Net Sales, whichever is greater, per month

Brand Building Fund Fee:

\$250 or 2% of Net Sales, whichever is greater, per month

Technology Fee:

\$499 per month\*

\*Subject to increase.

See Sections 8 and 9 for additional fee information.

### To be completed by us:

Effective Date: \_\_\_\_\_

Franchise Number: \_\_\_\_\_

## TABLE OF CONTENTS

SECTION.....	PAGE
1. DEFINITIONS.....	1
2. GRANT OF LICENSE .....	6
3. TRADEMARK STANDARDS AND REQUIREMENTS.....	8
4. TERM AND RENEWAL .....	9
5. CENTER STANDARDS AND MAINTENANCE .....	10
6. PRODUCTS AND OPERATIONS STANDARDS AND REQUIREMENTS .....	12
7. PERSONNEL AND SUPERVISION STANDARDS.....	18
8. ADVERTISING.....	20
9. FEES, REPORTING AND AUDIT RIGHTS .....	22
10. YOUR OTHER OBLIGATIONS; NON-COMPETE COVENANTS .....	24
11. TRANSFER OF FRANCHISE.....	27
12. DISPUTE RESOLUTION .....	31
13. DEFAULT AND TERMINATION AND OTHER REMEDIES .....	32
14. POST-TERM OBLIGATIONS .....	34
15. GENERAL PROVISIONS .....	36

## ATTACHMENTS

Attachment A –	Designated Area
Attachment B –	Information Release
Attachment C-1 –	Personal Guaranty
Attachment C-2 –	Corporate Guaranty
Attachment D –	Electronic Transfer of Funds Authorization
Attachment E –	Lease Addendum
Attachment F –	Telephone Assignment Agreement
Attachment G –	Membership Contract Assignment Agreement
Attachment H –	Step Up Program Addendum
Attachment I –	Assignment and Consent Agreement (Individual to Entity)
Attachment J –	Franchise Resale Amendment (New Buyer – New 10 Year)
Attachment K –	Franchise Resale Amendment (Expansion – New 10 Year)

Franchisee Acknowledgment  
Renewal Addendum  
State Specific Addendum

## 9ROUND FRANCHISE AGREEMENT

This franchise agreement (the “**Franchise Agreement**” or “**Agreement**”) is made between 9Round Franchising, LLC, a South Carolina limited liability company with its principal business located at 847 NE Main Street, Simpsonville, South Carolina 29681, and the Franchisee identified on the Summary Page, to be effective on the Effective Date identified on the Summary Page.

### RECITALS

- A. We have developed a System for operating a Center that features a specialized program developed around our System of challenging circuit training stations, that incorporates boxing and kickboxing exercises, and includes personal trainer assistance and nutrition services, and that offers boxing gloves, clothing, and apparel, and other boxing and kickboxing equipment.
- B. The System includes a distinct interior layout, design, décor, color scheme, graphics, fixtures and furnishings, operating and customer service standards and procedures including proprietary workout routines and technology, advertising and marketing specifications and requirements, and other standards, specifications, techniques, and procedures, that we may designate, collectively the Standards.
- C. Centers operating under the System are identified by the trade name and Mark “9ROUND” that we designate to identify businesses operating under the System.
- D. You have applied for the right to operate a Center using the System and Marks, and we have approved your application in reliance on the representations contained therein, including those concerning your financial resources, your business experience and interests, and the manner in which the Center will be owned and operated.

### AGREEMENT

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

#### 1. DEFINITIONS

- 1. For purposes of this Agreement:
  - A. “**9Round**” or “**Franchisor**”, “**we**”, “**our**”, and “**us**” means 9Round Franchising, LLC, as identified above in the preamble of this Agreement, and its Affiliates as the context may dictate, but not where the context is referencing ‘9ROUND®’ as the brand or its Marks.
  - B. “**ADA**” means the Americans with Disabilities Act.
  - C. “**Administrative Fee**” means the \$250 fee that we may impose and collect if your Center fails to conform to the System Standards, and such fee is not a penalty, but is intended to compensate us for the additional costs that we incur.
  - D. “**Affiliate**” or “**Affiliates**” means an affiliate of a named person identified as any person or entity that is controlled by, controlling, or under common control with such named person.
  - E. “**Agreement**” or “**Franchise Agreement**” means this agreement as defined in the preamble.
  - F. “**Applicable Laws**” means federal, state, or local laws that may exist today, or may be enacted in the future.
  - G. “**Approved Suppliers List**” means the list of approved manufacturers, suppliers, and distributors as we may amend from time to time.
  - H. “**Approved Supplies**” means the equipment, products, furniture, fixtures, signage, stationary, advertising and marketing materials, music providers, digital communication providers, trademarked items, collateral merchandise (such as gloves, heart rate monitors and belts, daily workout screens

system, voice timer system, clothing, and equipment), and other items as stated in the Approved Supplies List and Approved Suppliers List, as designate as necessary to operate the Center, and as we may amend from time to time.

- I. **“Approved Supplies List”** means the list of Approved Supplies, as we may amend from time to time.
- J. **“Authorized Location”** means the Center identified, or to be identified on Attachment A to this Agreement and that meets our then-current site selection criteria and that is located within the Preliminary Designated Area, as more fully described at Section 2 of this Agreement.
- K. **“Brand Building Fund”** means the fund into which Brand Building Fund Fees we receive are placed and is managed by us. Upon written request, we will provide you with an annual unaudited statement of the receipts and disbursements of the Brand Building Fund for the most recent calendar year. We do not perform an audit to the Brand Building Fund. The Brand Building Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the Brand Building Fund. We cannot ensure that you will benefit directly or on a pro rata basis from the future placement of any advertising in your local market. We may spend in any fiscal year an amount greater or less than the aggregate contributions of System businesses to the Brand Building Fund in that year. We will determine the methods of advertising, media employed, and scope, contents, terms and conditions of advertising, marketing, promotional, and public relations campaigns, and programs. Payments are accounted for as general operating revenue, and we do not provide a separate accounting for how this revenue is spent. Any end-of-year surpluses in the Brand Building Fund in a given year will carry over to the next year. We are not required to spend any particular amount on marketing, advertising, or production in the area in which your Center is located. We may make loans to the Brand Building Fund bearing reasonable interest to cover any deficit of the Brand Building Fund and cause the Brand Building Fund to invest in a surplus for future use by the Brand Building Fund.
- L. **“Brand Building Fund Fee”** means the nonrefundable ongoing, monthly brand building fund fee in the amount reflected on the Summary Page and as described at Section 9 of this Agreement. In consideration for the Brand Building Fund Fee, we provide general marketing and promotional services, and other efforts to support the generation of sales appointments, for the 9ROUND brand. These services may include any or all of the following: creative development services (such as designing new logos, graphics, and promotional pieces), public relations services, 9ROUND annual conference expenses, web design and hosting services, national engine optimization, marketing and brand reputation tools and services, technology investments, digital and social media content creation, digital marketing, developing and implementing promotions, tie-ins, contests, or sweepstakes, direct mail advertising, sponsorships and endorsements, trade association memberships, and reimbursing us the costs of administering the Brand Building Fund, including employee salaries and benefits. Services may be provided by in-house personnel or third-party service providers and vendors. Brand Building Fund Fees will not be used for advertising principally directed at the sale of franchises.
- M. **“Center(s)” or “9ROUND Center(s)”** means a fitness center that features the then-current specialized proprietary program developed around our System of challenging circuit training stations incorporating boxing and kickboxing exercises, and that uses the System, Standards, and Marks.
- N. **“Confidential Information”** means and includes all proprietary information and know-how relating to the System, including all of the System Standards, business techniques, marketing statistics and strategy, and technology-related information, regardless of the method by which it is conveyed, and, without limitation, Member Information, any and all proprietary information contained in the Manual or otherwise communicated to you in writing, verbally or through the internet or other online or computer communications, and any other knowledge or know-how concerning the methods of operation of the Center (including methods of instruction, room conditions (such as lighting and temperature), music (including type of music, music mix, and decibel level), proprietary systems

developed by us, such as the daily workout screens and voice timer system, and workout program (including technique and the sequence of movements).

- O. **“Covered Person(s)”** includes, collectively and individually, each Owner (and each Owner’s immediate family members, including, without limitation, their spouse, domestic partner, cohabitant, child, stepchild, grandchild, parent, stepparent, parent-in-law, child-in-law, grandparent, sibling, half-sibling, stepsibling, sibling-in-law, aunt, uncle, niece, nephew, or first cousin) and all guarantors, officers, directors, managers, partners, as the case may be, and any of the Center’s managers, instructors, and other employees receiving training or Confidential Information.
- P. **“CPI”** means the Consumer Price Index.
- Q. **“Designated Area”** means the boundaries of the area of your Authorized Location based on our then-current criteria for size, population, demographics, and topographical features, as set by us in our sole discretion, and such boundaries will be reflected on Attachment A and as more fully described at Section 2 of this Agreement.
- R. **“Effective Date”** means the date stated on the Summary Page of this Agreement.
- S. **“Franchise Agreement”** or **“Agreement”** means this agreement as defined in the preamble.
- T. **“Franchisee”** or **“you”** means the party identified on the Summary Page of this Agreement.
- U. **“Franchisor”** or **“9Round”** **“we”**, **“our”**, and **“us”** means 9Round Franchising, LLC, as identified above in the preamble of this Agreement, and its Affiliates as the context may dictate but not where the context is referencing ‘9ROUND®’ as the brand or its Marks.
- V. **“Grand Opening Marketing Fee”** means the minimum amount you must spend for local marketing efforts during a fixed period of time upon for grand opening marketing or new ownership marketing, as the case may be, and as more fully described in Section 8 of this Agreement.
- W. **“Initial Franchise Fee”** means the nonrefundable initial franchise fee in the amount reflected on the Summary Page and as described at Section 9 of this Agreement.
- X. **“Innovations”** means any and all ideas, plans, improvements, concepts, methods, and techniques relating to the development or operation (including marketing, advertising, and promotions) of the Center or any similar aspect of the business conceived or developed by you, any Owner, or your employees during the Term of this Agreement.
- Y. **“Interim Period”** means the period as described at Section 4 of this Agreement.
- Z. **“Lease”** means a lease, sublease, or other type of agreement serving the purpose of a lease, between you and the owner, manager, or lessor of a premises or property that you propose to occupy for the purposes of operating the Center.
- AA. **“Local Cooperative”** means any designated local or regional advertising cooperative controlled by majority vote of its members, such designations shall solely be at our option.
- BB. **“Local Marketing Fund”** means any designated geographic area in which at least two (2) 9ROUND franchises are located as a ‘designated advertising area’ for the purposes of establishing a Local Marketing Fund that we control, and such designations shall solely be at our option.
- CC. **“Manual”** means any confidential operating manuals and other written directives, including, but not limited to, audio or visual materials, system newsletters or bulletins, emails that may be sent to you or all franchisees from time to time with information relevant to the System or operation of the Center, and covering the proper operating and marketing techniques of the System or a 9ROUND Center (including training and workout routines) and that reflects the Standards, whether provided online or through other electronic media. The term “Manual” includes all modifications and supplements to the Manual, and all components thereof.

- DD. **“Mark” or “Marks”** means the 9ROUND® trademarks, and other trademarks, service marks, trade names, trade identifiers that we may designate, and other commercial symbols as we may modify and change from time to time.
- EE. **“Member Information”** means all member information and information concerning prospective and former members.
- FF. **“Memberships”** means the memberships that you are required to offer and sell only on the terms and conditions that we specify periodically which may include, without limitation, price and service offering requirements.
- GG. **“Membership Agreement(s)”** means the written or, if approved or required by us, electronic agreements.
- HH. **“National Accounts”** means the contracts with corporations, affinity groups and insurance plans that we, from time to time, will negotiate, and as more fully described at Section 6 of this Agreement.
- II. **“Net Sales”** is defined as the aggregate of all revenue from the sale of services and products from all sources in connection with the business at your Center or online, whether for check, cash credit, or otherwise, (and regardless of collectability), and all proceeds from any business interruption insurance, but does not include (a) the sale price of products returned in good faith by customers of the business, (b) any sales tax or other taxes collected from customers of the business by you for remittance to the appropriate taxing authority, and (c) the value of any allowance issued or granted to any customer of the business that is credited in full or partial satisfaction of the price of any services and products offered in connection with the business.
- JJ. **“Owner”** means any person who directly or indirectly owns any interest in the franchisee, including the Principal Owner(s). It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of a trust. If any “Owner” is, itself, a partnership or other entity, then the term “Owner” includes each individual or entity holding a beneficial ownership in the partnership or entity; the intent being that the term “Owner” is intended to include all individuals holding a beneficial interest in the franchisee, either directly or indirectly.
- KK. **“Preliminary Designated Area”** means the preliminary designated area identified on the Summary Page, if any.
- LL. **“Principal Owner”** means any person who directly or indirectly owns a 25% or greater interest in the franchisee when the franchisee is a corporation, limited liability company or a similar entity other than a partnership entity. If the franchisee is a partnership entity, then each general partner is a Principal Owner, regardless of the percentage ownership interest. If the franchisee is one or more individuals, each individual is a Principal Owner of the franchisee. Each franchisee must have at least one (1) Principal Owner.
- MM. **“Reasonable Business Judgment”** means a decision or action by us that is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest, and even if other reasonable or even arguably preferable alternatives are available. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks or the 9ROUND brand, improving member service and satisfaction, improving product quality, improving uniformity, enhancing, or encouraging modernization and improving the competitive position of the System.
- NN. **“Remittances”** means the remittances as more fully particularized at Section 9 of this Agreement.
- OO. **“Royalty Fee”** means the nonrefundable ongoing, monthly royalty fee in the amount reflected on the Summary Page and as described at Section 9 of this Agreement.



- PP. **“Social Media”** means and includes, without limitation, personal blogs; common social media websites and networks such as, but not limited to, Facebook, Threads, Snapchat, Instagram, LinkedIn, X (formerly Twitter), TikTok, Reddit, or YouTube, and any associated business managers or profiles; internet listing sites such as Wikipedia, Google, Foursquare, and Yelp, and any associated business managers or profiles; applications supported by mobile platforms such as iOS and Android; virtual worlds; file, audio, and video-sharing sites; and other similar internet, social networking, or media sites, mobile platforms, or tools.
- QQ. **“Social Networking Accounts”** includes, without limitation, common social media websites such as, but not limited to, Facebook, Threads, Snapchat, Instagram, LinkedIn, X (formerly Twitter), TikTok, Reddit, and YouTube, and any business managers or profiles or advertising accounts associated with a social media website; internet listing websites such as, but not limited to, Google My Business, Apple Maps, Bing, and Yelp; applications supported by mobile platforms such as iOS and Android; personal blogs; virtual worlds; file, audio, and video-sharing websites; and other similar websites, mobile platforms, or tools, whether created or inherited by Franchisee.
- RR. **“Special Sites”** means certain locations within and outside the Designated Area that are by their nature unique and separate in character from sites generally developed as 9ROUND Centers, including but not limited to: military bases; public transportation facilities, including, without limitation, airports, limited access highway travel plazas and other transportation terminals; sports facilities, including race tracks, big-box fitness facilities, gyms, and sports clubs; student unions or other similar buildings on college or university campuses; hotels, resorts or similar short-term lodging; apartment or condominium complexes; and corporate office buildings or office parks.
- SS. **“Standards”** or **“System Standards”** means the then-current standards, requirements, and specifications for the development, construction, operation, and promotion of 9ROUND Centers, which may include standards relating to a distinct interior layout, design, décor, color scheme, graphics, fixtures and furnishings, equipment (including workout equipment, medical equipment, computer equipment, heart rate monitor equipment and systems, voice timer system, daily workout screens system, security systems, and audio-visual equipment), operating standards and procedures (including methods of instruction, room conditions (such as lighting and temperature), music requirements (including type of music and decibel level), television requirements (including type of broadcasts, decibel level, and closed captioning requirements), workout routines (including techniques and sequence of movements), customer service standards and procedures, advertising and marketing specifications and requirements, and other standards, specifications, techniques, and procedures, that we may designate.
- TT. **“System”** means the then-current 9ROUND proprietary business format and system, which includes the Marks, trade dress, and the goodwill associated therewith, Licensor’s know-how in developing, constructing, operating, and promoting 9ROUND Centers (i.e., Licensor’s practical knowledge, skill, and expertise), the System Standards, the Confidential Information, and all information contained in the Manual.
- UU. **“Technology Fee”** means the nonrefundable ongoing, monthly technology fee in the amount reflected on the Summary Page and as described at Section 9 of this Agreement.
- VV. **“Technology System”** means the technology system that we develop or select for the Center or System, including all future updates, supplements, and modifications. The Technology System may include, without limitation, all hardware and software used in the operation of the Center, including (i) all computer hardware and related accessories and peripheral equipment, intranet and extranet, portals, platforms, websites, network systems, network services, digital media, ~~email marketing software~~, any 9Round app, body composition analyzer, music provider, business text messaging software, audio, computers, monitors, screens, heart rate monitors, daily workout screens, voice timer system, telephone systems, remote control computer software, camera and security systems,

and any app in connection with a then-current program or business practice; and **(ii)** the billing, electronic point-of-sale cash registers, Center management and back office programs used to record, analyze and report sales and Center operations.

WW. **“Term”** means the initial term granted pursuant to Section 4.A., the renewal term granted pursuant to Section 4.B., and any extension or renewal thereof or any hold over period in which Franchisee continues to operate any component of the Center after the expiration of the initial term or renewal term.

XX. **“Work”** means all printed, audio, and visual material and any other material whatsoever (including all Confidential Information) being part of the Center or System.

2. All capitalized terms not defined in this Section 1 or the Recitals have the meaning given in the text of this Agreement.

## **2. GRANT OF LICENSE**

2. The following provisions control with respect to the license granted hereunder:

A. Grant of License. We hereby grant you the right and license, and you undertake the obligation, subject to the terms and conditions of this Agreement **(i)** to operate a single 9ROUND Center, **(ii)** to sell at retail authorized products and services at and from the Center premises, **(iii)** to use the Marks in connection with operating and promoting the Center, and **(iv)** the right to solicit memberships in the Designated Area. You may not solicit memberships online, in person or through advertising or other direct marketing method outside your Designated Area, except with our prior written approval and in strict accordance with our then-current policies and restrictions (which may include membership assignment policies).

Except when you have our prior written approval, which we may withdraw at any time for any reason, the license granted by this Agreement does not include **(i)** any right to sell services or products identified by the Marks at any location other than the Authorized Location, or through any other channels or methods of distribution, including the internet (or any other existing or future form of electronic commerce), catalog sales, telemarketing or other direct marketing, **(ii)** any right to sell services or products identified by the Marks to any person or entity for resale or further distribution, or **(iii)** except for the designated area protection described in Section 2.C., any right to exclude, control or impose conditions on our development of future franchised, company or affiliate owned Centers at any time or at any location.

B. Authorized Location. You may operate the Center only at the Authorized Location. If the Authorized Location is not known at the time this Agreement is signed, you must acquire an acceptable site for the Center premises no later than one hundred and twenty (120) days from the Effective Date of this Agreement, at which time you authorize us to define the Authorized Location in Attachment A. You must identify a site for the Center that meets our then-current site selection criteria and that is located within the Preliminary Designated Area (see Section 5.A.). Our permission to operate the Center at the Authorized Location constitutes neither a representation nor guarantee that the Center will be successful at the Authorized Location; it means only that the Authorized Location meets our then-current minimum site selection criteria for 9ROUND Centers. You may not use the Center premises or Authorized Location for any purpose other than the operation of a 9ROUND Center during the Term of this Agreement. Should you not open your Center in accordance with the timelines required in this Agreement, in addition to our right to terminate this Agreement, we reserve the right to withdraw our approval of, and your rights to, an Authorized Location, Designated Area, or Preliminary Designated Area by providing you written notice.

C. Designated Area.

(i) The Preliminary Designated Area identified on the Summary Page, if any, is the general location where you intend to secure a site for the Center. If a Preliminary Designated Area is specified on the Summary Page, we will not grant anyone else the right to develop or operate a Center in the Preliminary Designated Area for one hundred and twenty (120) days from the Effective Date of this Agreement.



(ii) Once the Authorized Location has been identified, we will determine the boundaries of your Designated Area, and such boundaries will be reflected on Attachment A; provided that the Designated Area will be substantially the same as the Preliminary Designated Area in terms of size, shape or demographics. Your Designated Area is nonexclusive, meaning that it may overlap the designated area of another franchisee. Once defined in Attachment A, your Designated Area will remain constant throughout the Term of this Agreement. Notwithstanding the foregoing, we may modify your Designated Area if you relocate the Center or you renew or transfer your franchise rights.

(iii) During the Term of this Agreement, neither we nor our Affiliates will develop or operate, or grant to anyone else the right to develop or operate a 9ROUND Center that is physically located in the Designated Area (other than at Special Sites and as described at Section 2.D.). We also will not operate, franchise, or license the operation of a fitness center with 90% or more of its business based on a boxing and kickboxing circuit training program in your Designated Area, except in connection with our acquisition of a multi-unit brand. If we acquire a multi-unit brand (through a stock purchase, asset purchase, merger, or otherwise), we or our Affiliate may operate, franchise, or license the operation of the acquired brand within and outside the Designated Area, without offering any rights or compensation to you.

(iv) You acknowledge and agree that we and our Affiliates have the right to develop and operate and grant others the right to develop and operate 9ROUND Centers outside the Designated Area, regardless of their proximity to the Designated Area or any negative impact they may have on your Center.

(v) We and our Affiliates also have the right to develop and operate and grant others the right to develop and operate fitness centers and other businesses under a different trademark within and outside the Designated Area which may be similar to or competitive with 9ROUND Centers.

(vi) You do not have any right to sublicense or sub-franchise within or outside of the Designated Area. Under this Agreement you do not have the right to operate more than one Center within the Designated Area without our prior written approval, and you must sign a separate Franchise Agreement for an additional Center.

D. Reserved Rights.

(i) We reserve to ourselves all other rights to use the System and Marks anywhere and in any manner including, without limitation, the right to offer, sell, or distribute items such as workout and training classes and videos, equipment, athletic gear, etc., associated with the System (now or in the future) or identified by the Marks, or any other trademarks, service marks or trade names, through any distribution channels or methods, without compensation to any franchisee.

(ii) These distribution channels or methods may include, without limitation, retail stores, mail order, wholesale, or on-demand streaming or other means through the internet (including other existing or future form of electronic commerce).

(iii) These rights also include the right to provide and license third parties to provide the 9ROUND workout program and other ancillary programs developed by or for us or our Affiliates at host locations (such as apartments, condo associations, corporate offices, schools, community centers, and inside other gyms and fitness centers) within and outside your Designated Area and without compensation to you.

(iv) You acknowledge and agree that certain locations within and outside the Designated Area are by their nature unique and separate in character from sites generally developed as 9ROUND Centers. As a result, you agree that such Special Sites are excluded from the Designated Area and we have the right to develop, license or franchise Centers within such locations.

E. Additional Centers. This Agreement does not grant you a right to acquire additional franchises beyond the one (1) granted herein. If you or any of your Affiliates is party to an agreement with us to operate any other 9ROUND center, or desires to operate any other 9ROUND center, other than the one (1) contemplated by this Agreement, as of the Effective Date, you and each Affiliate, as applicable, may be

required to enter into a Step Up Program Addendum in substantially the form attached hereto as Attachment H, as the case may be, to modify the terms of the franchise agreement(s) governing such centers. The parties acknowledge and agree that the Step Up Program Addendum may result in material changes to, and have different provisions than, any other franchise agreement. You and each Affiliate must also execute and deliver to us a corporate guaranty in substantially the form attached hereto as Attachment C-2 to guaranty the obligations of your and your Affiliates operating under franchise agreements with us.

### **3. TRADEMARK STANDARDS AND REQUIREMENTS**

3. You acknowledge and agree that, as between you and us, the Marks are our property. You further acknowledge that your right to use the Marks is specifically conditioned upon the following:

A. Ownership of the Marks. The Marks are our valuable property or the valuable property of our Affiliate, and we are the owner of all right, title, and interest in and to the Marks and all past, present, or future goodwill of the Center and of the business conducted at the Authorized Location that is associated with or attributable to the Marks. Your use of the Marks will inure solely to our benefit or the benefit of our Affiliate. You may not, during or after the Term of this Agreement, engage in any conduct directly or indirectly that would infringe upon, harm or contest our rights in any of the Marks or the goodwill associated with the Marks, including any use of the Marks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media.

B. Use of the Marks. You shall use only the Marks designated by us. You may use the Marks only in connection with such services and products as we specify and only in the form and manner we require in writing. You must comply with all trademark, trade name, and service mark notice marking requirements. You may use the Marks only in association with services and products approved by us and that meet our standards or requirements with respect to quality, safety and performance. To the extent permissible by law, you must refrain, and cause each Covered Person and each of your employees and independent contractors to refrain, from making or publishing any remarks that disparage or derogate us or the 9ROUND brand. This prohibition applies to oral remarks and remarks that are published in print, electronic, and social media. Your use of the Marks on the internet is governed by Section 6.K. below. A breach of your obligations under this Section 3.B. is a material default under this Agreement.

C. Center Identification. You must use the name “9ROUND” as the trade name of the Center and you may not use any other mark or words to identify the Center without our prior written consent. You may not use the word “9ROUND” or any of the other Marks as part of the name of your corporation, partnership, limited liability company or other similar entity. You may use the Marks on various materials, such as business cards, stationery and checks, provided you *(i)* accurately depict the Marks on the materials, *(ii)* include a statement on the materials indicating that the business is independently owned and operated by you, *(iii)* do not use the Marks in connection with any other trademarks, trade names or service marks unless we specifically approve in writing prior to such use, and *(iv)* make available to us, upon our request, a copy of any materials depicting the Marks. You must post a prominent sign in the Center identifying you as a 9ROUND franchisee in a format we deem reasonably acceptable, including an acknowledgment that you independently own and operate the Center and that the 9ROUND Mark is owned by us and your use is under a license we have issued to you.

D. Litigation. In the event any person or entity improperly uses or infringes the Marks or challenges your use or our use or ownership of the Marks, we will control all litigation and we have the right to determine whether suit will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken. You must promptly notify us of any such use or infringement of which you are aware or any challenge or claim arising out of your use of any Mark. You must take reasonable steps, without compensation, to assist us with any action we undertake. We will be responsible for our fees and expenses with any such action, unless the challenge or claim results from your misuse of the Marks in violation of this Agreement.

E. Changes. You may not make any changes or substitutions to the Marks unless we direct in writing. We reserve the right to change the Marks at any time. Upon receipt of our notice to change the Marks, you must cease using the former Marks and commence using the changed Marks, at your expense.

#### 4. TERM AND RENEWAL

4. The following provisions control with respect to the initial term and renewal of this Agreement:

A. Term. The initial term of this Agreement will commence on the Effective Date and will expire at midnight on the day preceding the tenth anniversary of this Agreement. Upon your written request, we may extend this initial term in writing for a limited period of time to correspond with the end of a calendar month.

B. Renewal Term and Conditions of Renewal. You may renew your license for one (1) ~~ten (10)~~ five (5)-year renewal term, provided that with respect to each renewal: *(i)* you meet our then-current criteria and qualifications for new franchisees; *(ii)* you have given us written notice of your decision to renew at least six (6) months but not more than twelve (12) months prior to the end of the expiring initial term; *(iii)* you pay a renewal fee equal to 25% of the then-current initial franchise fee; *(iv)* you sign at least six (6) months but not more than twelve (12) months prior to the end of the expiring initial term, at our sole option either (1) our then-current form of franchise agreement, the terms and conditions of which may be materially different than the terms and conditions of our current franchise agreement and may reflect, among other things, different fees and advertising obligations and a modified Designated Area, and, as applicable, a renewal instrument amending the relevant terms of the new franchise agreement, or (2) an instrument extending for the duration of the renewal term, all the covenants, conditions and provisions contained in this Agreement; *(v)* you have complied with the provisions of Section 5.F. regarding modernization and have agreed, in writing, to make such capital expenditures necessary to refurbish, replace and modernize your Center so that it will conform to our then-current standards for Centers; *(vi)* you are not in default of this Agreement, any other agreement pertaining to the franchise, any other agreement with us, or any obligation to us, and have satisfied all monetary and material obligations on a timely basis during the Term and are in good standing; *(vii)* if leasing the Center premises, you have renewed the lease and have provided written proof of your ability to remain in possession of the premises throughout the renewal period; *(viii)* you comply with our then-current training requirements; *(ix)* you and your Owners and guarantors execute a general release in a form we require in favor of us and our Affiliates and each company's respective present and former officers, directors, managers, and employees; provided, however, that such release will not be inconsistent with any state law regulating franchising; and *(x)* you have submitted to us a walk-through video of your Center, or other forms of proof acceptable to us, enabling us to virtually tour and inspect every element of the Center that we require, including without limitation, the storefront of the Center, all exterior and interior signage, the interior of the Center (including the entrance, each station, the restroom, and any additional areas), measurements of equipment placements and distances between equipment or furnishings, all doors, light switches and outlets, and visibility of equipment, furnishing, accessories and licenses.

C. Interim Period. If you continue to accept the benefits of this Agreement after the expiration of the initial term but do not complete the requirements in Section 4.B., then at our sole option, this Agreement may be treated as *(i)* expired as of the date of the expiration and you will be operating without a franchise or license to do so and in violation of our rights to the Marks and System; or *(ii)* continued on a month-to-month basis and all your obligations will remain in full force and effect during the Interim Period as if the Agreement had not expired ~~except that the Royalty Fee will be \$2,500 per month~~ (subject to adjustment based on the CPI as provided in Section 9.D.). Each Interim Period expires at the end of each calendar month unless this Agreement is continued as provided in this Section. The Interim Period does not create any new franchise rights and upon expiration of the final Interim Period, you will be bound by all post-term obligations as provided in this Agreement.

## 5. CENTER STANDARDS AND MAINTENANCE

5. You acknowledge and agree that we have the right to establish, from time to time, quality standards regarding the business operations of 9ROUND Centers to protect the distinction, goodwill and uniformity symbolized by the Marks and the System. Accordingly, you agree to maintain and comply with our quality standards and agree to the following terms and conditions:

A. Site Selection. You must identify a site for the Center within the Preliminary Designated Area that meets our then-current site selection criteria and that we have approved. You must provide us with notice of the site you have selected and we have fifteen (15) days to accept or reject the site. If we do not accept the site within fifteen (15) days it will be deemed disapproved. **The parties acknowledge and agree that our site approval is not an assurance that the Center will achieve a certain sales volume or level of profitability; it means only that the proposed site meets our then-current minimum site selection criteria. We assume no liability or responsibility for (i) evaluation of the location's soil for hazardous substances; (ii) inspection of any structure for asbestos or other toxic or hazardous materials; (iii) compliance with the Americans with Disabilities Act; or (iv) compliance with any other applicable law. It is solely your responsibility to obtain satisfactory evidence and assurances that the Center premises (and any structures thereon) is free from environmental contamination and is in compliance with the requirements of the ADA and other applicable laws.**

B. Lease. If you propose to occupy the Center premises pursuant to a Lease, you may not sign any Lease or enter any other arrangement with a lessor that prevents you from performing your obligations under this Agreement, including any requirements to build out the Center premises to meet our current brand standards, and the Lease and lessor must permit us to exercise our rights pursuant to this Agreement. We may condition our approval of a proposed site on the full execution of a Lease Addendum substantially in the form attached as Attachment E to this Agreement. You may not execute a Lease without the Lease Addendum, except with our prior written consent. You must deliver to us a fully executed copy of the Lease as amended by the Lease Addendum prior to your occupying the site for the Center or within ten (10) days after its execution, whichever occurs first. **The parties acknowledge and agree that our approval of a Lease does not mean that the economic terms of the Lease are favorable; it means only that the Lease contains the minimum lease terms that we require.**

C. Construction; Future Alteration. You must construct and equip the Center in strict accordance with our then-current approved specifications and standards pertaining to equipment, signage, fixtures and design and layout of the building. You must purchase from us or the approved suppliers all items contained in the 9ROUND start-up kit, and pay the then-current purchase price therefore in accordance with the then-current payment terms. Without limiting the generality of the foregoing, you must promptly after obtaining possession of the site for the Center **(i)** have engaged a third party contractor to prepare the basic plans for your 9ROUND Center; **(ii)** purchase or lease and then use only the approved equipment, fixtures, furniture, and signs; **(iii)** complete the equipment, fixtures, furniture and sign installation and decorating of the Center in full compliance with plans and specifications we approve and all applicable ordinances, building codes and permit requirements without any unauthorized alterations; **(iv)** obtain all necessary permits, licenses and architectural seals and comply with applicable legal requirements relating to the building, signs, equipment and premises, including, but not limited to, the ADA; and **(v)** obtain and maintain all required zoning changes, building, utility, sign permits and licenses and any other required permits and licenses. It is your responsibility to comply with the foregoing conditions. Any change to the plans or any replacement, reconstruction, addition or modification in the premises, interior or exterior décor or image, equipment or signage of the Center made after our consent to the initial plans, whether at the request of you, us or a third party, may be made only with our prior written consent.

D. Opening. You must open the Center for business no later than twelve (12) months from the Effective Date. You may not open your Center for business, however, until we have notified you in writing that you have satisfied your pre-opening obligations as identified in Sections 5.A., 5.B., and 5.C., and we have approved your

Center for opening (which approval may be based on our review of a walk-through video that you submit). We are not responsible or liable for any of your pre-opening obligations, losses or expenses you might incur for your failure to comply with these obligations or your failure to open by a particular date. We also are entitled to injunctive relief or specific performance under Section 12.B. for your failure to comply with your obligations. Further, if you fail to open the Center in the timeframe required by this Agreement, we may, in our sole and unilateral judgment, **(i)** exercise our termination rights in accordance with Section 13; or **(ii)** amend this Agreement to eliminate the Designated Area protection afforded by Sections 2.B. and 2.C by providing you written notice.

E. **Maintenance.** The building (exterior and interior), equipment, fixtures, signage and trade dress employed in the operation of your Center must be maintained and refreshed in accordance with our requirements established periodically and any of our reasonable schedules prepared based upon our periodic evaluations of the premises. Within a period of thirty (30) days (as we determine depending on the work needed) after the receipt of any particular report prepared following such an evaluation, you must effect the items of maintenance we designate, including the repair of defective equipment and items such as carpet and the replacement of irreparable or obsolete items of equipment and signage. If, however, any condition presents a threat to members or to public safety, you must effect the items of maintenance immediately, as further described in Section 6.E. If you fail to complete the required maintenance, we reserve the right (but no obligation) to do so on your behalf and you must reimburse us for our costs and expenses.

F. **Modernization.** From time to time as we require, you must modernize or replace items of the trade dress or equipment as may be necessary for your Center to conform to the standards for similarly situated new 9ROUND Centers. We also require that you substantially renovate the Center once every five (5) years to our then-current standards. You may offer your old equipment to anyone (provided that any Marks affixed to the equipment are removed if the equipment is not being sold to another Center), but we have the right of first refusal to buy the equipment on the same terms and conditions as any potential buyer. You must give us seven (7) days' written notice of any potential sale of your old equipment and a reasonable opportunity to match any offer you have that you intend to accept. We are under no obligation to actually exercise our right of first refusal. A transfer of any interest in this Agreement or your business governed by Section 11 or renewal covered by Section 4 is expressly conditioned upon your (or the transferee, as applicable) modernizing the Center to conform to the standards for new 9ROUND Centers. You acknowledge and agree that the requirements of this Section are both reasonable and necessary to ensure continued public acceptance and patronage of the Center and to avoid deterioration in connection with the operation of your Center. If you fail to make any improvement or perform the maintenance listed above, we may, in addition to our other rights under this Agreement, effect such improvement or maintenance on your behalf and you must reimburse us for the costs and expenses we incur.

G. **Relocation.** You may not relocate your Center without our prior written consent, which consent will not be unreasonably withheld, and which will be given or refused within fifteen (15) days of receipt. If we do not accept the proposed site within fifteen (15) days it will be deemed disapproved. Your request for relocation must be made in writing, state your proposed new location, be received by us at least sixty (60) days prior to your intended date of relocation, and accompanied by a relocation fee of \$1,500. We will refund \$750 of the relocation fee if we do not approve your relocation. If you need to relocate because of condemnation, destruction, or expiration or cancellation of your lease for reasons other than your breach, we will grant you authority to do so at a site acceptable to us that is within your Designated Area, is reasonably suited for a Center, complies with any other site-related obligations set forth in this Agreement (including, without limitation, those related to Leases of a site for your Center), and does not infringe on the rights of any other 9ROUND franchisee, provided that the new Center is open and operating within sixty (60) days after you discontinue operation at the present Center, all in accordance with our then-current standards. If you voluntarily decide to relocate the Center, your right to relocate the Center will be void and your interest in this Agreement will be voluntarily abandoned, unless you have given us notice of your intent to relocate not less than sixty (60) days prior to relocation or closing the Center, whichever occurs first, have procured a site within your Designated Area that



we have accepted within the terms of this Agreement, have opened the new Center for business within seven (7) days of closing the original Center and complied with any other conditions that we reasonably require. Additionally, if you relocate your Center without obtaining our prior written approval and we later approve the relocation, you will be assessed a relocation fee of \$5,000, which is non-refundable. All relocation fees may be collected by us pursuant to the methods set forth in Section 9.F. You must pay the costs of any relocation, and we reserve the right to charge you for any reasonable costs that we incur. Upon relocation of your Center for any reason, we may modify your Designated Area, in our sole judgment, to take into account the designated areas of neighboring Centers and other factors.

If your Center is destroyed or damaged and you repair the Center at the Authorized Location (rather than relocate the Center), you must repair and reopen the Center at the Authorized Location in accordance with our then-current standards for the destroyed or damaged area within twenty (20) days of the date of occurrence of the destruction or damage, or such longer time as we reasonably determine, in our sole judgment, is required given the nature and extent of the damage.

We have the right to refuse to consent to a relocation in the event you lose the right to occupy the Center premises because of the termination of your lease due to your breach. Further, the cancellation of your lease due to your breach is grounds for immediate termination under Section 13.A.(iii).

H. Field Visits. Upon opening a new location or purchasing an existing location, we will provide initial in-person coaching at your Center.

## **6. PRODUCTS AND OPERATIONS STANDARDS AND REQUIREMENTS**

6. You must implement and abide by our requirements and recommendations directed to enhancing substantial System uniformity. The following provisions control with respect to products and operations:

A. Authorized Equipment. You must use in the operation of the Center only the proprietary or non-proprietary equipment that we specify in the then-current Manuals or other written directives. You must purchase or lease all equipment we designate (including the Technology System) from our approved suppliers. We will supply to you a copy of the current equipment list prior to opening of the Center. You acknowledge and agree that we may change the list periodically and that you are obligated to conform to the requirements. You may not open or operate the Center with any unapproved equipment.

B. Authorized Products and Services; Memberships. You may offer and sell only approved products and approved services in the Center and must offer for sale the complete range of required products and required services as listed in the approved products and approved services lists, as we may amend from time to time. You must maintain in stock an inventory of approved products sufficient to meet customer demand and as set forth in the Manuals for operating a 9ROUND Center. You may not offer, sell or supply any products or services which are not approved products or approved services (including products or services that we have withdrawn), and may not conduct any unapproved workout routines or unapproved modifications to approved workout routines, without our prior written consent. If you sell any products or services which are not approved products or approved services, without our prior written consent, you must pay to us liquidated damages based on the sale of the unauthorized products or services, as stated in Section 13.D., below. You must also conform to all quality and customer service standards we require in writing.

You must offer and sell Memberships only on the terms and conditions that we specify periodically which may include, without limitation, price and service offering requirements. You shall participate in and offer all customer membership marketing programs and packages that we develop from time to time, including on-demand streaming service of kickboxing themed workouts and personal training services. We reserve the right to require the inclusion of on-demand streaming services as part of Memberships. Furthermore, we reserve the right to require that you offer personal training services as supplementary Memberships. We will communicate to you in writing the details of each program or package, and you shall promptly display all related information at such places within the Center as we may designate. You shall purchase and distribute all collateral merchandise designated by us and shall purchase equipment necessary for use in connection with

each such program or package. All Memberships must be evidenced by a Membership Agreement and all member and billing information must be promptly and accurately entered into the approved system according to our then-current policies. We have the right to communicate directly with your members. You agree that your list of members, including actual and prospective members, is our property and constitutes part of our Confidential Information. We may require you to use Membership Agreements that are based on or substantially similar to our then-current standard form of Membership Agreement, with the exception, however, that there may be state and local laws that may require you to alter the Membership Agreement in the jurisdictions under which your Center operates. You must abide by those laws, and you accept sole responsibility for ensuring that your Membership Agreement complies with all applicable laws. Any changes to the form document must be approved in writing by us. The Membership Agreement must include: (i) a waiver and release of us and our Affiliates and (ii) a statement identifying the Center as an independently-owned franchised location. We also have the right to establish a reciprocity program that permits members from your Center to use other 9ROUND Centers and permits another 9ROUND Center member to also use your Center under such terms and conditions as we may state in writing from time to time. All Membership Agreements and all billings of any type must be processed through us and our approved processing system (which is currently the Technology System described in Section 6.D.).

You may only solicit memberships within your Designated Area (unless otherwise authorized by us in writing). We or other franchisees may solicit memberships within your Designated Area (for example, if designated areas overlap). Unless approved in writing by us, all membership sales must be made face-to-face, although you may solicit membership sales by mail, telemarketing (so long as you abide by the no-call lists), or other non-face-to-face basis within your Designated Area. You may solicit, advertise and accept memberships online or outside your Designated Area only with our prior written approval or in accordance with our then-current policies. We have the right, but not duty, to prohibit or cancel memberships you sell that will expire beyond the expiration date of your Term or any exercised renewal term. You are solely responsible for all refunds or liabilities to your members due to the cancelation of memberships. You must execute the Membership Contract Assignment Agreement in the form attached at Attachment G.

C. Approved Supplies and Suppliers. We will furnish to you from time to time lists of Approved Supplies or approved suppliers. You must only use Approved Supplies in the Center as listed in the Approved Supplies List and from suppliers on our Approved Suppliers List, as we may amend from time to time. Although we do not do so for every item, we have the right to require you purchase your requirements of products and services (which currently include, without limitation, gloves, supportive hand wraps, punching bags, certain print materials, heart rate monitors and belts, website services, digital marketing services, graphic design services, nutrition services, voice timer system, daily workout screens system, point of sale system, body composition analyzer, music, network system and service, security system and service, cloud-based security access, email marketing, and business text messaging) from approved suppliers or designated sources. You acknowledge and agree that certain Approved Supplies may only be available from one (1) source, and we or our Affiliates may be that source. You will pay the then-current price in effect for Approved Supplies you purchase from us or our Affiliates. All inventories, products, operating forms, materials and other items and supplies used in the operation of the Center must be purchased from approved suppliers and any items not included on the Approved Supplies List or Approved Suppliers List must be approved by us and conform to the specifications and standards we establish from time to time. **ALTHOUGH APPROVED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO PRODUCTS, EQUIPMENT (INCLUDING WITHOUT LIMITATION ANY REQUIRED TECHNOLOGY SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS.** Except for instances where we designate a single source supplier, if you wish to purchase any products or services for which we have established approved suppliers from an unapproved supplier, you may request our consent in writing. You must pay our costs and expenses, which we expect will range from \$1,000 to \$5,000, but may exceed this range depending on the product. If we request, you must submit samples and other information as we require for testing or to otherwise determine whether the product, material or supply, or the

proposed supplier meets our specifications and quality and safety standards. We generally will notify you in writing of supplier approval or disapproval within thirty (30) days of our receipt of all the information and samples we request. You must pay the reasonable cost of the inspection and evaluation and the actual cost of the test. The supplier also may be required to sign a supplier agreement. We may re-inspect the facilities and products of any supplier of an approved supplier or item and revoke our approval of any supplier or item that fails to continue to meet any of our criteria. Once approved, you may contract directly with the approved supplier. We will send written notice of any revocation of an approved supplier or Approved Supplies.

We apply the following general criteria in approving a proposed supplier: (1) ability to make product in conformity with our specifications; (2) reputation and integrity of supplier; (3) financial condition and insurance coverage of the supplier; and (4) system-wide strategic direction and system uniformity.

D. Technology System. You must purchase and use the Technology System. Requirements for use may include, among other things, connection to remote servers, off-site electronic repositories, high speed internet connections, managed network systems and services, and establishment of one (1) or more email accounts.

You must: *(i)* use any proprietary software programs, including cloud-based software, system documentation manuals, websites, and other proprietary materials that we provide to you in connection with your operation of the Center; *(ii)* input and maintain in your computers such data and information as we require in the Manual and other written directives; and *(iii)* purchase new or upgraded hardware, software programs, system documentation manuals, and other proprietary materials at then-current prices whenever we adopt such new or upgraded programs, manuals, and materials. You must enter into all software license agreements, “terms of use” agreements, and software maintenance agreements, in the form and manner we require, and pay all fees imposed by us, our Affiliate or any third-party software and software service providers there under.

You acknowledge that we may independently access from a remote location, at any time, all information input to and compiled by your Technology System or an off-site server, including Member Information (subject to applicable laws concerning data protection and privacy). We have the right to require that you install remote control computer software and grant us administrator rights to your computer for the Technology System. You acknowledge and agree that we may independently access from a remote location, at any time, your computer to make remote changes. We have the right to require that you install a camera or security system and its related software and services. You further acknowledge and agree that we may independently access from a remote location, at any time, to view and record any images or video recorded by any camera or security systems, and you agree not to interfere with or impair our access to such recordings.

You acknowledge that technology is ever changing and that, as technology or software is developed in the future, we may, in our sole discretion, require you to: *(i)* add to your Technology System hardware, memory, ports, network system, and other accessories or peripheral equipment or additional, new, or substitute software, including cloud-based software; and *(ii)* replace or upgrade your Technology System, network services, and software, including cloud-based software, as we require.

We reserve the right to designate a single source from whom you must purchase the Technology System.

E. Evaluations. We or our authorized representative have the right to enter your Center at all reasonable times when the Center is open to the public for the purpose of making periodic evaluations and to ascertain if the provisions of this Agreement are being observed by you, to inspect and evaluate your premises, equipment and member satisfaction. Our inspections and evaluations may be conducted by our personnel or by a third-party “mystery shopper.” Or, at our request, we may require you to conduct and submit to us a “walk-through” video of your Center, conducted in accordance with our Standards, within the time period that we require. If we determine that any condition in the Center presents a threat to members or public health or safety or is not compliant with our specifications or standards, we may take whatever measures we deem necessary, including



requiring you to immediately close the Center until the situation is remedied to our satisfaction. There is no limitation on the number of inspections we may conduct or the number of walk through videos we may request, or the scope of any inspection. A breach of your obligations under this Section 6.E. is a material default under this Agreement. If we request you to submit a “walk-through” video of your Center and you do not comply within the time period that we require, then you must reimburse us for all out-of-pocket costs, including, without limitation, travel and lodging costs, that we incur in connection with any subsequent evaluations or inspections conducted by our personnel or by a third party “mystery shopper.”

F. Period of Operation. Subject to any contrary requirements of state or local law, your Center must be open to the public and operated during the hours and on the days that we require. Any variance from this provision must be authorized by us in writing. You acknowledge and agree that if your Center is closed for a period of two (2) or more consecutive business days or five (5) or more business days in any twelve (12)-month period without our prior written consent, such closure constitutes your voluntary abandonment of the franchise and business and we have the right, in addition to other remedies provided for herein, to terminate this Agreement. Your Center must offer access to members for twenty-four (24) hours a day throughout the year unless local and municipality regulations, landlord permissions, or the demographics of the Center mean twenty-four (24) hour access is not permissible. If twenty-four (24) hour access is not permissible, we will determine the maximum number of hours that your Center can offer services. During hours of operation, you will offer instructional staffed (‘trainer led’) and unstaffed (‘non-trainer led’) hours. You must have the minimum number of staffed hours at your Center as we dictate as part of our Standards. We reserve the right to change the minimum hours of operation and minimum hours of staffed hours as part of our Standards.

G. Operating Procedures. You must adopt and use as your continuing operational routine the required standards, procedures, methods of operation and management and security systems described in our Manual. We will revise the Manual and these standards and systems periodically to meet changing conditions of operation and will notify of the changes primarily through electronic communications. The Manual at all times is our sole property. You must at all times treat the Manual, and the information it contains, as secret and confidential, and must use all reasonable efforts to maintain such information as secret and confidential. You will be required to sign a confidentiality agreement at the time of access. We may from time to time revise the contents of the Manual and you expressly agree to comply with each new or changed requirement. You acknowledge and agree that the Manual and other system communications may only be available on the internet or other online or computer communications. You must perform all exercise and fitness training functions and services as we designate from time to time and may not offer any exercise instruction, class or other services that we do not approve. Your Center must offer or perform all such services, as we periodically modify them.

H. Confidential Information. You may not, during the Term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person or entity any Confidential Information, except to such employees as must have access to it in order to operate the Center. You hereby acknowledge and agree that all Confidential Information, including Member Information, belongs exclusively to us. You and each Owner agree to maintain the confidentiality of all Confidential Information, including Member Information, not to duplicate any materials containing Confidential Information, including Member Information, and not to divulge any Confidential Information, except to other franchisees and to your employees and professional advisors on a need to know basis. You may use the Confidential Information, including Member Information, only for the purpose of operating the Center, and you shall not sell or share any personal data as defined by applicable statute. You shall defend, indemnify, and hold us harmless from and against any and all proceedings, claims, investigations, and causes of action arising out of or related to your violation of the provisions of this Section. This provision will survive expiration of this Agreement.

I. Compliance with Standards and Specifications; Participation in Joint Advertising Campaigns and Endorsements. You further agree to comply with all System specifications, standards and operating procedures (whether contained in the Manual or any other written communication) relating to the appearance, function, cleanliness, operation and promotion of a 9ROUND Center including, without

limitation (i) sales and marketing procedures and customer service; (ii) advertising and promotional programs; (iii) member loyalty and reward programs; (iv) layout, décor and color scheme of the Center; (v) appearance and dress of employees; (vi) safety, maintenance, appearance, cleanliness, sanitation, standards of service, and operation of the Center; (vii) submission of requests for approval of brands of products, supplies and suppliers; (viii) use and illumination of signs, posters, displays, standard formats and similar items; (ix) use of audio equipment and type and decibel levels of music; (x) use of video equipment and type and decibel level of television broadcasts (including closed captioning requirements); (xi) types of fixtures, furnishings, and equipment; (xii) the make, type, location and decibel level of any game, entertainment or vending machine (and restrictions against the use of gaming, entertainment or vending machines); (xiii) use of voice timer and daily workout screen systems; (xiv) hours of operation within your Center and minimum number of instructional staffed ('trainer led') hours; and (xv) exercise and any other services you are authorized to offer at the studio.

Upon our request, you must acknowledge receipt of our communications, including electronic communications, and respond to such communications within twenty-four (24) hours of delivery.

From time to time, we and our Affiliates also may participate in and require your participation in joint advertising campaigns and endorsement of third-party products or services (which participation may include, among other things, broadcasting audio-visual advertising on in-Center televisions or computer monitors or placing promotional items at required locations throughout the Center). You agree to participate in all such campaigns and endorsements according to our directives, provided that we will provide you all promotional items necessary for participation free of charge. You further acknowledge and agree that we or our Affiliates may receive revenue, and may retain all revenue received, on account of your participation and other franchisee's participation in such campaigns and endorsements.

J. Compliance with Law; Licenses and Permits. You have an obligation, both prior to and after purchasing the franchise, to review the laws of the area in which you will be operating to determine what statutes, regulations, ordinances, or other laws may have an impact on your ability to operate the franchise. We are not responsible for reviewing the laws, and we make no representation or warranty (express or implied) that the System we have developed complies with the laws of your particular area. You represent and agree that you have conducted a review of the potentially applicable laws and that you have provided to us, in writing, a statement of all legal issues that you feel may have a significant impact on your ability to follow the system or to operate your business. You must at all times maintain your premises and conduct your Center operations in compliance with all applicable laws, regulations, codes and ordinances including, without limitation, (i) all governmental regulations relating to sales, advertising and membership cancellation rights of health club memberships, and all bonding requirements, and (ii) all applicable laws pertaining to the privacy of consumer, employee and transactional information. If there is a conflict between our standards and policies and actual applicable law, you must comply with the requirements of applicable law, immediately give us notice of said conflict and promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies within the bounds of applicable law. You must secure and maintain in force all required licenses, permits and certificates relating to your Center. You acknowledge that you are an independent business and responsible for control and management of your Center, including, but not limited to, the hiring and discharging of your employees and setting and paying wages and benefits of your employees. You acknowledge that we have no power, responsibility or liability in respect to the hiring, discharging, setting and paying of wages or related matters. You must not publish, disseminate, implement, revise or rescind a data privacy policy without our prior written consent. You must immediately notify us in writing of any claim, litigation, proceeding or complaint (whether from individuals or governmental agencies) that arises from or affects the operation or financial condition of your 9ROUND business or Center.

K. Participation in Internet Websites, Online Communications Networks, and Email Systems; Social Media. You must participate, at your expense, in our 9ROUND website, on-demand streaming services, cloud-based software, cloud-based security system, any intranet or extranet system we may develop, and in other electronic communications systems and networks (including email marketing system and business

text messaging system) as we may require, and must pay associated fees. Required participation includes, without limitation, maintaining and communicating at all times and for all business purposes through an email address provided by our approved vendor and promptly responding to all communications, including electronic communications, sent by us. Our current Technology Fee is listed on the Summary Page of this Agreement. We have the right to determine the content and use of our website, on-demand streaming services, cloud-based software, cloud-based security system, and any intranet or extranet system we may develop and will establish the rules under which franchisees may or must participate. We may change the Technology Fee as our technology needs evolve and you agree to participate in our future member service initiatives and pay the applicable fees. You may not use the Marks or any part or derivative thereof on the internet, except as we expressly permit in writing and as authorized by our then-current policies. Without limiting the generality of the foregoing, you may not use the Marks or any part or derivative of the Marks as part of any URL or domain name or as part of any unauthorized email address and may only register the Marks or any part or derivative of the Marks as part of any user name on any gaming website or social networking website (including but not limited to Facebook, Threads, Snapchat, Instagram, TikTok, or X (formerly Twitter)) in accordance with our then-current policies. You also shall refrain from displaying on any website (including commercial websites, gaming websites, and social networking websites) any of our copyrighted works (including the design portion of the Marks), and shall refrain from streaming on any website any video reflecting the Marks or our proprietary workout routines, except with our written permission and in strict accordance with such permission. This includes, without limitation, offering merchandise identified by the Marks on any internet website and uploading or streaming any video on sites such as YouTube or TikTok. We have the right to terminate our website, on-demand streaming services, cloud-based software, cloud-based security system, intranet or extranet system at any time. Your general conduct on our website, on-demand streaming services, intranet and extranet system or other online communications and specifically your use of the Marks or any advertising is subject to the provisions of this Agreement. You acknowledge that certain information related to your participation in our website, on-demand streaming services, cloud-based software, cloud-based security system, intranet or extranet system may be considered Confidential Information, including access codes, keys, passwords, usernames, and identification codes. Your right to participate in our website, on-demand streaming services, cloud-based software, cloud-based security system, intranet and extranet system, or otherwise use the Marks or System on the internet or other online communications, will terminate when this Agreement expires or terminates.

You shall follow our mandatory specifications, standards, operating procedures, and rules for using Social Media in connection with your operation of the Center and you agree to comply with any Social Media policy we implement. We have the right (but not the obligation) to create and own all Social Media accounts used in operation of the Center and shall allow your access and use only in strict compliance with our rules. If we allow you to create a Social Media account, you must give us all administrator capabilities as if we were the creator of the account. We reserve our right to remove your access to Social Media accounts at any time in our sole discretion. Upon termination of this Agreement for any reason, your access to all Social Media accounts will terminate.

L. Public Relations. You shall not make any public statements (including giving interviews or issuing press releases) regarding the business or any particular incident, occurrence, or event related to the business or Center, without our prior written approval.

M. Association with Causes. You shall not in the name of 9ROUND or the business, without our prior written approval: (i) donate money, products, or services to any charitable, political, religious, or other organization; or (ii) act in support of any such organization (including acting in support of any such organization on any website or social media platform).

N. System Modifications. You acknowledge and agree that we have the right to modify, add to or rescind any requirement, standard or specification that we require under this Agreement to adapt the System to changing conditions, competitive circumstances, business strategies, business practices and other changes as we deem appropriate. This right includes, but is not limited to, the right to introduce new products and services.

You must comply with these modifications, additions or rescissions at your expense, subject to the express limitations listed in this Agreement.

You must operate your Center in strict compliance with all applicable laws and with the standard procedures, policies, rules and regulations established by us and incorporated herein or in the Manual or in 9ROUND system bulletins or other publications that are distributed to franchisees from time to time. Such standard procedures, policies, rules and regulations established by us may be revised from time to time as circumstances warrant, and you must comply with all such procedures as they exist from time to time as though they were specifically listed in this Agreement and when incorporated in a system bulletin or other written notice to franchisees, the same is incorporated herein by reference. These standard procedures, policies, rules, and regulations may include operational matters, advertising or marketing matters, employee matters, membership issues, relationships between you and other franchisees, accounting issues, and any other issues that we believe, in our business judgment, are required to generally benefit the 9ROUND System and its franchisees.

O. Pricing Policies. We have the right to establish prices for the products and services you sell, both minimum and maximum, to the extent permitted by applicable law. You agree to comply with all such pricing requirements.

P. National Accounts. From time to time, we will negotiate contracts with corporations, affinity groups and insurance plans that will require that certain terms or discounts be offered to members of that corporation, affinity group, or insurance plan by all franchisees at all locations. You are required to provide the special terms or discounts to these National Accounts.

Q. Member Administration and Mediation. We or an Affiliate may from time to time engage in administrative tasks related to member administration such as administering online enrollment or membership transfer and reciprocity programs. You agree that we may take those actions in accordance with our then-current policies, which may include transferring members or Membership Contracts to or from your Center and providing on-line member enrollment. You agree that we may make such corrections as necessary, including that if a member is mistakenly transferred to the wrong Center, we may issue credits and charges for the membership dues to the affected Centers. Any actions we take for member administration are for the benefit of the brand and uniformity in the System and not to exercise control over your business.

R. Payment Systems. You shall accept debit cards, credit cards, stored value cards, and other non-cash systems (including, for example, Apple Pay and Google Wallet) that we specify periodically to enable customers to purchase authorized products and services, and to acquire and install all necessary hardware and software used in connection with these non-cash systems. The parties acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and System. Accordingly, you shall cause your Center to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Standards Council or its successor and other regulations and industry standards applicable to the protection of customer privacy and credit card information. You are solely responsible for your own education concerning these regulations and standards and for achieving and maintaining applicable compliance certifications. You shall defend, indemnify, and hold us harmless from and against all claims arising out of or related to your violation of the provisions of this Section.

## **7. PERSONNEL AND SUPERVISION STANDARDS**

7. The following provisions and conditions control with respect to personnel, training, and supervision:

A. Supervision. You must ensure that the Center is operated in accordance with the terms and conditions of this Agreement. If you employ a general manager, he or she must attend and successfully complete all required training, as listed in Sections 7.B. and 7.C.

B. Training. You must, at your expense, comply with all of the training requirements we require for the Center to be developed and operated under this Agreement. If you employ a general manager, he or she also must comply with all training requirements. Specifically, prior to opening, you must attend our initial training program and complete the training to our satisfaction and failure to do so will be considered a breach of the Agreement under Section 13.A. If you do not meet your obligations under this Section 7.B. and if, in our sole discretion and as an alternative to exercising our rights under Section 13.A, we opt to send up to two (2) 9Round representatives to your Center to complete the then-current initial training program (the “**Training Program Visit**”), you agree to pay to us a fee of \$10,000, not as a penalty but to compensate us for the additional costs incurred in facilitating the Training Program Visit, and such fee shall be fully earned and non-refundable. In the event you are given notice of default as described in Section 13.A. and the default relates, in whole or in part, to your failure to meet any operational standards, we have the right to require as a condition of curing the default that you, at your expense, comply with the additional training requirements we require. Any new general manager must comply with our training requirements within a reasonable time as we specify. Under no circumstances may you permit management of the Center’s operations on a regular basis by a person who has not successfully completed to our satisfaction all applicable training we require.

C. Ongoing Training. We may require you and other key employees of the Center to attend, at your expense, ongoing training at our training center, the Authorized Location or other location we designate, or online. Beyond our initial training program, you must pay our then-current training fee for all training we conduct for you and your travel expenses. We have developed a propriety personal training service that offers boxing and kickboxing training and certification to you. Once trained (subject to local laws and regulations), you can offer one-on-one boxing and kickboxing themed personal training to customers. The proprietary personal training service includes access to the dedicated personal training database on our intranet or portal, which includes instructional documentation and videos. Although you are not currently required to offer personal training to customers, we reserve the right to require you to offer the service in the future by providing you with prior written notice.

D. Staffing. You shall maintain a competent, conscientious, and trained staff (who shall have been adequately trained by you) in numbers sufficient to service customers promptly and properly (including instructional staffed (‘trainer led’) hours, and daily Center opening and closing procedures, as applicable), and shall take such steps as are necessary to ensure that your employees preserve good customer relations and comply with such dress code as we may require. In addition, you and your employees shall handle all customer complaints, refunds, returns or other adjustments in accordance with our policies as set forth in the Manuals or otherwise in writing. The parties acknowledge and agree that these requirements are necessary to preserve the goodwill identified by the Marks and System. The parties further acknowledge and agree that we neither dictate nor control labor or employment matters for you or your employees. You are exclusively responsible for hiring personnel, for determining the number of jobs offered or job vacancies to be filled, for determining and changing employee wages and benefits and work hours, and for disciplining and discharging your employees. You are exclusively responsible for labor relations with your employees. You shall defend, indemnify, and hold us harmless against any and all proceedings, claims, investigations, and causes of action instituted by your employees or by others that arise from your employment practices. In the event that you require your employees to sign a noncompetition agreement preventing them from directly competing with you, you shall carve out from such restriction their ability to become a 9ROUND franchisee.

E. Attendance at Meetings. Unless we approve otherwise, you and your manager must attend all sales and operations meetings and annual franchise conventions we may hold or sponsor. If you are not able to attend a meeting or convention, you must notify us prior to the meeting and we may mandate that you substitute a person acceptable to us to attend on your behalf. We may charge reasonable fees for these programs, and you will be responsible for the wages and associated travel and living expenses for yourself and your manager or other designated attendee(s). Each Owner is required to purchase a ticket to annual convention. We reserve the right to collect these fees through billing software with your monthly royalties, and we may collect the fees in



installments, at our option. In addition to this ticket price, you are responsible for all travel related expenses for each attendee.

F. Instructor Certification. We reserve the right to develop certification programs for Center personnel who provide personal fitness instruction, teach any form of exercise, or provide any kind of fitness or nutrition instruction or counseling. We may charge, and you agree to pay a fee for providing certification-related courses and services. We reserve the right to collect these fees through billing software with your monthly royalties.

## 8. ADVERTISING

8. You agree to actively promote your Center, to abide by all of our advertising requirements and to comply with the following provisions:

A. Brand Building Fund. During the Term of this Agreement, you must pay us a monthly Brand Building Fund Fee, which is placed in the Brand Building Fund managed by us in our discretion.

B. Grand Opening Marketing Fee Requirement. If you acquire franchise rights for a new Center, you must spend ~~a minimum of between \$11,000 and \$25,000~~, as determined by us, for local grand opening marketing, which shall commence approximately ~~twelve (12) weeks before the opening of your Center and approximately eight (8) weeks after the opening of your Center~~. You may spend more than the minimum amount. ~~Of the Grand Opening Marketing Fee, you will pay \$17,500 directly to us within one (1) week of signing the lease for your Center, for your print materials and event starter kit, both of which contain various promotional materials, for digital marketing advertising, and for a minimum of five (5) months of digital marketing management fees. If you acquire the franchise rights to an existing Center, you must spend a minimum of \$10,000, as determined by us, for local new ownership marketing commencing when you launch the new ownership campaign on a date agreed to by us (such date will be after the Effective Date of this Agreement) and lasting for approximately twelve (12) weeks thereafter. You may spend more than the minimum amount. Of the Grand Opening Marketing Fee, you will pay \$8,000 directly to us, due at the time of signing the Franchise Agreement, which is for your print materials, which contains various promotional materials, for digital marketing advertising, and for a minimum of three (3) months of digital marketing management fees. The remaining amount will be paid to approved vendors for their respective products or services. During local grand opening marketing or local new ownership marketing, as the case may be, three (3) months before the opening of your Center and approximately two (2) months after the opening of your Center. A portion of the local grand opening marketing may be paid directly to us. You may spend more than the minimum amount. During local grand opening marketing or local new ownership marketing, you must provide us with evidence, which may include, but is not limited to, cancelled checks, paid invoices or copies of advertisements, of the purchase of marketing materials or participation in marketing events or activities. Pre-opening and grand opening marketing or new ownership marketing will consist of a variety of marketing tactics including, but not limited to, digital advertising, email marketing, local networking, participation in local community events, public relations, and other marketing and advertising initiatives or materials intended to publicize the opening of your Center. Our marketing tactics are proprietary and are Confidential Information. Amounts that you spend on pre-opening and grand opening or new ownership marketing do not count toward any other advertising obligations you have under this Agreement. The portion of the Grand Opening Marketing Fee that is paid directly to us is deemed fully earned upon payment and is non-refundable. Unless otherwise canceled by you in writing, the digital marketing service will continue after the conclusion of local grand opening marketing or local new ownership marketing. You will be placed on our mid-tier digital marketing service at our then current rates, which currently are a management fee of \$300 per month and a desired ad spend of \$750 per month, although the actual ad spend each month may be greater or less depending on ad interaction, billed via automatic withdrawal from your point of sales remits. You may cancel or change your digital marketing service tier or desired ad spend by notifying us in writing in accordance with our then current Standards. At the conclusion of local grand opening marketing or local new ownership marketing, any remaining funds of the Grand Opening Marketing Fee that were paid to us will be used for the digital marketing~~

~~service. If we cease offering digital marketing services, we will cease charging you the monthly management fee. If you cancel the digital marketing services, you may later enter into our digital marketing services agreement at the then current management fees and then current required minimum desired ad spend per month, provided that we are offering digital marketing services at that time.~~

C. Minimum Local Advertising Expenditure; Approved Materials. You must use your best efforts to aggressively promote and advertise the Center in your local area, and participate in any local marketing and promotional programs that we establish from time to time (including but not limited to any in-Center marketing or promotions we may choose to run). You must conduct an initial promotional campaign in accordance with our standards and specifications. In addition to the Brand Building Fund Fee and any Brand Building Fund contributions, you must spend the higher of 8% of your Center's gross revenue or \$18,000 during each calendar year (a monthly average of at least \$1,500) on approved forms of advertising and marketing in your market area that conform to our standards and specifications. If you fail to add forty-five (45) memberships (excluding trial memberships or memberships lasting less than a full month) over any rolling three (3)-month period during the Term of this Agreement, we reserve the right to audit your marketing and advertising to ensure it conforms with our standards and specifications. If you have not spent the higher of 8% of your Center's gross revenue or \$4,500 per rolling three (3)-month period on local advertising, we reserve the right to collect the difference, through billing software, between how much you have spent in the applicable rolling three (3)-month period and the minimum required expenditure. Any amounts that we collect will be added to the Brand Building Fund. We reserve the right to audit your marketing and advertising to ensure it conforms to our standards and specifications. Only the types of advertising and marketing that we specify will count toward satisfaction of this requirement. Upon our request, you must provide us with an itemized accounting of your local advertising and marketing expenditures, in the form we require, with supporting documentation of the type we require. You must use only such marketing materials as we furnish, approve, or make available, and the materials must be used only in a manner that we require. Our marketing materials are proprietary and are Confidential Information. Furthermore, any promotional activities you conduct in the Center or on its premises are subject to our approval. We will not unreasonably withhold approval of any sales promotion materials and activities; provided that they are current, in good condition, in good taste, dignified, and accurately depict the Marks (any use of the Marks, or a new variation you propose to the Marks, without our prior written approval is prohibited).

D. Local Marketing Fund and Advertising Co-ops.

(i) In the future, we may, at our option, require you to make a contribution to a Local Marketing Fund or Local Cooperative. Any amount contributed to a Local Marketing Fund or Local Cooperative will be in addition to, and not in lieu of, the Brand Building Fund Fee described above. We have the right to determine the amount of contribution, in our sole judgment, provided that aggregate monthly contributions will not exceed \$750 per month (subject to adjustment based on the CPI as provided in Section 9.D.). If, however, a Local Cooperative chooses to contribute a greater amount and the amount is approved by a two-thirds majority of the Centers in the Local Cooperative, you must contribute such amount. Any contribution you make to a Local Marketing Fund or Local Cooperative will count towards the minimum local advertising expenditures outlined in Section 8.C.

(ii) If established, you must participate in any Local Marketing Fund or Local Cooperative formed to serve the geographic area in which the Center is located, and must promptly execute all participation documents that we require. For Local Cooperatives only, each Center in the Local Cooperative will have one vote. Each Local Cooperative will be required to adopt governing bylaws that meet our approval. We reserve the right to administer the Local Cooperatives' funds and require payment from its members via electronic funds transfer. The members of each Local Cooperative and their elected officers will be responsible for the administration of the Local Cooperative. We have the right to require Local Cooperatives to be formed, changed, dissolved or merged and may set the governing rules and bylaws.

E. Sponsorships and Partnerships. You may not enter into any sponsorship agreements or arrangements or any marketing partnerships without our prior written consent.

## 9. FEES, REPORTING AND AUDIT RIGHTS

9. You must pay the fees described below and comply with the following provisions:

A. Initial Franchise Fee. Upon execution of this Agreement you must pay us the Initial Franchise Fee. The Initial Franchise Fee is deemed fully earned upon payment in consideration for our expenses incurred and services rendered in conjunction with reserving your right to the Preliminary Designated area and is non-refundable. Failure to pay the Initial Franchise Fee upon execution of this Agreement will result in a non-curable default of this Agreement by you, and we will have the right to terminate this Agreement immediately.

B. Royalty Fee and Other Fees. In addition to the Initial Franchise Fee, in consideration of the rights and use of our intellectual property granted to you, you must pay to us the Royalty Fee. You must pay the Royalty Fee beginning the month that your Center opens and each following month through the Term of this Agreement. You will pay the full Royalty Fee for any partial month.

In addition to the Initial Franchise Fee and the Royalty Fee, you must pay to us the Brand Building Fund Fee and the Technology Fee. The Technology Fee is for online membership services, any 9Round app, the 9Round website, PULSE Heart Rate Zone System technology, ~~email marketing software~~, four (4) 9Round email addresses, voice timer system, and daily workout screens.

C. Member Services and Other Fees. Periodically, as technology and member demands evolve, we may change or provide additional member services. You agree to participate in our future member service initiatives and to pay the applicable fees at the then-current rates. We currently charge (i) ~~\$199~~\$500 one-time initial onboarding fee for the initial Center, and ~~thereafter \$99~~\$200 one-time initial onboarding fee per ~~month~~ per additional Center, for personal training services; (ii) \$126 to \$240 a month for insurance, depending on coverage; (iii) \$100 per hour for graphic design services; (iv) \$5 a month per additional 9ROUND email address granted to your Center; ~~(v) \$5 a month per 9RoundNOW member you sign up for our on-demand streaming services. Each of the proceeding given fees in this Section 9.C. are subject to change or increase. Although you are required to offer 9RoundNOW for sale, it is currently not required to be included with each Membership. We reserve the right to require 9RoundNOW with each Membership in the future by providing you prior written notice.~~ Although you are not currently required to offer personal training to customers, we reserve the right to require you to offer the service in the future by providing you prior written notice.

D. CPI Adjustment. Certain fees under this Agreement, including the minimum Royalty Fee, Technology Fee, Brand Building Fund Fee, minimum local advertising and marketing expenditures, and Local Marketing Fund or Local Cooperative contribution (unless calculated as a percentage of sales), are subject to adjustment based on any increase in the CPI (meaning the annual average of the Consumer Price Index for All Urban Consumers, Other goods and services, 1982-1984=100, published by the Bureau of Labor Statistics of the United States Department of Labor). If the Bureau of Labor Statistics ceases publishing the named Consumer Price Index, then the successor or most nearly comparable index as we select will be used. Fees will be changed no more than once per year. The increase will be based on the increase in the CPI Index between January 1 of any year and January 1 of the year of the Effective Date of this Agreement or the previous CPI adjustment.

E. Computations and Remittances. The Royalty Fee, Brand Building Fund Fee, Technology Fee, and the Local Marketing Fund or Local Cooperative contribution are due and owing on the first (1<sup>st</sup>) of the month. Any membership fees and member services fees are due and owing at the end of each month's operation. You must make all payments to us by the tenth (10<sup>th</sup>) of the month that the fees are due (or such other day as we designate). You may not withhold payment of any amounts owed to us and hereby waive any and all existing and future claims and offsets against any amounts due under this Agreement. Notwithstanding any designation by you, we will be entitled to apply your payments against any amounts due to us. We also may set off any amounts that may be held by us or our Affiliates on your behalf or owed to you by us or through our Affiliates against amounts you owe to us or our Affiliates.



F. Method of Payment. You must make payments to us and our Affiliates by electronic funds transfer or such alternative methods as we may designate. You must execute and deliver to us, our bank and your bank, as necessary, all forms and documents that we request to permit us to use any payment method we designate, including the electronic transfer of funds authorization attached as Attachment D. You must comply with all procedures we specify from time to time, and take such reasonable action as we request to assist in any of the payment methods. Specifically, you agree that upon notice by us, all payments owed to us and our Affiliates may be deducted from the monies your billing and payment processor collects on your behalf and you hereby authorize the billing and payment processor to deduct such amounts and to pay those amounts to us or our Affiliates **(i)** on the due date of such amount in the case of ongoing, continuing fees, such as Royalty Fees and marketing fees; or **(ii)** as incurred in the case of non-scheduled fees, such as Administrative Fees or purchases of equipment and products. You must maintain a balance in your account sufficient to allow us and our Affiliates to collect the amounts owed to us when due and must notify us at least twenty (20) days before closing or changing the account against which such debits are to be made. You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this Section.

G. Interest Charges. Any and all amounts that you owe to us or to our Affiliates will bear interest at the rate of 12% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual.

H. Financial Planning and Management. You are responsible for keeping your own general accounting books. We may periodically request financial information, including but not limited to, a monthly profit plan, monthly balance sheet and monthly statement of profit and loss, membership and purchase records, invoices, inventories, payroll records, cash disbursement journals and general ledger, all of which accurately reflect the operations and condition of your Center operations. You must allow us electronic and manual access to any and all records relating to your Center.

I. Reports and Audit. In the event of an audit, you must verify the accuracy of the membership numbers on the fifth (5<sup>th</sup>) day of each month for the preceding month. Within ten (10) days after the request, you must submit to us a report with respect to our request in the form and content as we periodically require. The report must include, but not be limited to, the following information for the preceding month, or any other period we request within our Reasonable Business Judgment: **(i)** number of membership sales; and **(ii)** if we request, monthly sales summary and monthly balance sheet and statement of profit and loss, including a summary of your costs for utilities, labor, rent, other material cost items, and marketing and advertising spend. We may also request, at your expense, that you submit to us within ninety (90) days after the end of each fiscal year a detailed balance sheet, profit and loss statement and statement of cash flows for such fiscal year, including all adjustments necessary for fair presentation of the financial statements. You must certify all reports to be true and correct. You acknowledge and agree that we have the right to impose these requirements on you regardless of whether we impose the same requirements on our other franchisees. If any audit determines that you have understated your income or your membership level by more than 2% and such understatement resulted in underpayment of any fees due to us, you must pay us all costs of the audit plus interest on the amount due to us at 12% per annum or the highest rate allowed by law, whichever is less.

We or our authorized representative have the right at all times during the business day to enter the premises where your books and records relative to the Center are kept and to evaluate, copy and audit such books and records. In addition, upon our request, you must provide us the current information regarding the name and telephone number of the landlord, lender or vendors and suppliers for the Center. You agree that we have the right to communicate with the landlord, lender and other vendors related to your operation of the Center regarding the Center or any default by you under an agreement with the landlord, lender or vendor. You hereby authorize the landlord, lender and any vendor associated with your Center to communicate with us and provide us information regarding the Center.

J. Administrative Fee. If at any time your Center fails to conform to System Standards, we have the right to impose and collect from you an Administrative Fee as described in this paragraph. Specifically, we may

impose and collect from you a \$250 Administrative Fee for each “enforcement effort” that we undertake on account of your noncompliance with System Standards (e.g., a letter, email, or telephone communication notifying you of noncompliance or continued noncompliance). We may provide such notice and any related communications by electronic means (including, without limitation, by facsimile, email, or through any electronic communications system we designate for the System). This fee is not a penalty, but is intended to compensate us for the additional costs that we incur in enforcing your compliance with System Standards, and is in addition to and not in lieu of any other rights or remedies that we may have based on your noncompliance with System Standards. We may impose and collect the Administrative Fee whether or not the noncompliance at issue is of the type or degree that constitutes a material default of your obligations under this Agreement and, if it is, whether or not a cure period applies. At our option, we may require you to demonstrate full compliance with your obligations by submitting to us a comprehensive walk-through video of your Center premises in accordance with our System Standards. Other than as provided at Section 11 of this Agreement, we may impose and collect from you a \$250 Administrative Fee to process any agreements, addenda, amendments, or forms that you request we action in relation to your 9ROUND Center or this Agreement. This fee is intended to compensate us for the additional costs that we incur for processing documentation as requested by you. We reserve the right not to consent to or to process any such agreements, addenda, amendments, or forms within our Reasonable Business Judgment.

K. Attorneys’ Fees and Costs. Should your non-compliance with the Franchise Agreement cause us to incur attorneys’ fees or costs, you will be required to reimburse us for the attorneys’ fees and costs incurred. For purposes of this provision, “costs” include all costs of investigation, mediation (if the mediation does not result in settlement), discovery, trial, and appeal (if applicable), including private investigators’ fees, experts’ fees, clerks’ fees, service fees, and court reporter fees.

L. Taxes. If any taxes, fees, or assessments are imposed on royalties or other fees by reason of us acting as franchisor or licensing the Marks or the System under this Agreement (for example, sales tax), you will reimburse us the amount of those taxes, fees, or assessments within fifteen (15) days after receipt of our written notice to you.

M. Cross Payments. If you or any of your Affiliates operates a 9ROUND center other than the one contemplated by this Agreement, as of the Effective Date, you agree that upon notice by us, any amounts owed to us or our Affiliates related to such other center(s) may be deducted from the monies your billing and payment processor collects on your behalf and you hereby authorize the billing and payment processor to deduct such amounts and to pay those amounts to us or our Affiliates. You agree and acknowledge that such payments include, without limitation, any late payments, interest, administrative fees, and liquidated damages related to such other center or the franchise agreement governing such other center. If we elect to collect liquidated damages in installments, you agree that we may also collect interest at 12% on the amounts owed.

## **10. YOUR OTHER OBLIGATIONS; NON-COMPETE COVENANTS**

10. You agree to comply with the following terms and conditions:

A. Payment of Debts. You agree to pay promptly when due: **(i)** all payments, obligations, assessments and taxes due and payable to us and our Affiliates, suppliers, lessors, federal, state or local governments, or creditors in connection with your business; **(ii)** amounts related to all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Center or business; and **(iii)** all accounts and other indebtedness of every kind incurred by you in the conduct of the Center or business. In the event you default in making any such payment, we are authorized, but not required, to pay the same on your behalf and you agree promptly to reimburse us on demand for any such payment.

B. Indemnification. You waive all claims against us for damages to property or injuries to persons arising out of the operation of your Center. You must fully defend, indemnify, and hold us and our owners, directors, officers, successors and assigns and our Affiliates harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in

connection with or incidental to the operation of your Center (regardless of cause or any concurrent or contributing fault or negligence of us or our Affiliates) or any breach by you or your failure to comply with the terms and conditions of this Agreement. We also reserve the right to select our own legal counsel to represent our interests, and you must reimburse us for our costs and attorneys' fees immediately upon our request as they are incurred. This Section will survive the expiration or termination of this Agreement and applies to all losses and expenses even if they exceed the limits of your insurance coverage.

C. Insurance.

(i) You must maintain at your expense in full force and effect throughout the Term the types of insurance and the minimum policy limits and deductibles stated in the Manual from our then-current designated insurance carrier or alternatively, in our sole discretion, a carrier acceptable to us. The insurance policy or policies must protect you, us, our parents, our Affiliates, and each entity's respective, past, present, and future officers, directors, owners, managers, members, employees, consultants, attorneys, and agents against any loss, liability, personal injury, death, property damage, or expense of any kind arising out of, or in connection with the Center, including the condition, operation, management, use, or occupancy of your Center.

(ii) To the fullest extent permitted by law, we and our parents, Affiliates, and subsidiaries (including each entity's respective, past, present, and future officers, directors, owners, managers, members, employees, consultants, attorneys, and agents) must be added/named as additional insureds on all coverages on which additional insureds can be added, even for claims regarding the additional insureds' sole negligence. The coverage offered to the additional insureds will be primary coverage to any other coverage maintained by the additional insureds and will not permit or require such other coverage to contribute to the payment of any loss. Policies must also contain a waiver of subrogation in favor of the additional insureds.

(iii) You must provide to us any documentation we require to evidence your compliance with this Section, where such documents may include, without limitation, additional insured endorsements and your insurance certificates.

(iv) We may require additional types of coverage or increase the required minimum amount of coverage on reasonable notice. Your obligation to obtain coverage is not limited in any way by insurance that we maintain.

(v) You acknowledge that the required minimum insurance requirements do not constitute advice or a representation that such coverages are necessary or adequate to protect you from losses in connection with the Center. Nothing in this Agreement prevents or restricts you from acquiring and maintaining insurance with higher policy limits or lower deductibles than what we require. Your insurer(s) must commit not to cancel or amend the policy or policies without at least thirty (30) days' prior written notice to us.

(vi) We have the right to implement an insurance administration program, pursuant to which we or our designee may facilitate policy procurement, premium payments, and renewals, and we or the service provider may impose a reasonable fee for such services. If implemented, you must participate in the program and pay required fees. To the extent permitted by applicable law, you shall obtain insurance from insurance carriers or brokers that we designate or approve. If you fail to obtain and maintain insurance coverage as required by this Agreement, we have the right, but not the obligation, to obtain the required insurance on your behalf and to charge you for the cost of the insurance plus a reasonable fee for our services in obtaining the insurance, which you agree to pay on demand.

D. Non-compete Covenants. You agree that you will receive training and Confidential Information that you otherwise would not receive or have access to but for the rights licensed to you under this Agreement. You therefore agree to the following non-competition covenants:

(i) Persons Bound. We may require you to obtain from Covered Persons a signed non-compete agreement in a form satisfactory to us that contains the non-compete provisions of this Section 10.D.

(ii) During Term. During the Term of this Agreement, Covered Persons must not directly or indirectly, for themselves or through, on behalf of or in conjunction with any individual or business entity: (1) divert any Center member, prospective Center member or former Center member to any fitness center or club except another 9ROUND Center; or (2) own, operate, lease, franchise, engage in, be connected with, have any interest in, or assist any person or entity engaged in any big-box fitness center or club, or any fitness club, studio, online fitness service, or exercise facility featuring boxing, kickboxing, or a circuit training program in the United States, except another 9ROUND Center pursuant to a valid franchise agreement with us.

(iii) After Termination. For a period of eighteen (18) months after the transfer, expiration or termination of this Agreement (and with respect to any Owner, for a period of eighteen (18) months after such person ceases to be an Owner, regardless of the reason), Covered Persons must not directly or indirectly, for themselves or through, on behalf of or in conjunction with any individual or business entity: (1) divert any Center member, prospective Center member or former Center member to any fitness center or club except another 9ROUND Center; or (2) own, operate, lease, franchise, engage in, be connected with, be employed by, have any interest in, or assist any person or entity engaged in any big-box fitness center or club, or fitness center, club, studio, online fitness service, or exercise facility featuring boxing, kickboxing, or a circuit training program that is located at or within a ten (10)-mile radius of the Authorized Location, that is located within a ten (10)-mile radius of any other 9ROUND Center in operation or under construction, or that is located in the Designated Area of any other 9ROUND franchisee, or, in the instance of online fitness services featuring boxing, kickboxing, or a circuit training program, it shall not be offered anywhere in the United States. The eighteen (18)-month period described in this paragraph will be tolled during any period of noncompliance.

(iv) Reasonableness. You agree that the scope of the prohibitions stated in this Section 10.D. is reasonable and necessary to protect us and the System (including other franchisees of the System). You agree that the prohibitions in this Section 10.D. must be very broad in order to prevent you from taking information, materials and training we are providing to you on an ongoing basis and using them to either compete with us, or preempt or otherwise restrict our ability to enter new markets. You agree that the time period and the scope of the prohibitions stated in this Section 10.D. are the reasonable and necessary time and distance needed to protect us if this Agreement expires or is terminated for any reason. You also agree that you have many other opportunities available to earn a living, and that these restrictions will not preclude you from engaging in a lawful trade or business for which you otherwise are qualified.

(v) Exception. The purchase of a publicly traded security of a corporation engaged in a competitive business or service will not in itself violate this Section 10.D. so long as you do not own, directly or indirectly, more than 5% of the securities of such corporation.

(vi) Reformation and Reduction of Scope of Covenants. If all or a portion of any covenant contained in this Section 10.D. is held to be unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you and each Covered Person will be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 10.D. The parties acknowledge that the non-compete covenant contained this Section 10.D. is not intended to apply to the Center's employees (including managers and instructors); *however* such individuals may otherwise be reasonably found within the definition of *Covered Persons* in this Agreement to necessarily protect us, our Confidential Information, and the System. Notwithstanding the foregoing, we have the unilateral right, in our sole discretion, to reduce the scope of any covenant set forth in Section 10.D., or any portion thereof, which reduction will be effective immediately upon delivery of notice of the reduction.

(vii) Injunctive Relief. You and each Covered Person agree that the violation of any covenant contained in this Section 10.D. would result in immediate and irreparable injury to us for which there is no adequate remedy at law. You and each Covered Person therefore agree that in case of an alleged breach or violation of this Section, we may seek injunctive relief, in addition to all other remedies that may be available to us at equity or law. We will not be required to post a bond or other security for any injunctive proceeding.

(viii) Severability. Each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement.

E. Innovations. You agree to fully and promptly disclose and transfer or assign to us any and all Innovations conceived or developed by you, any Owner, or your employees during the Term of this Agreement. We and our Affiliates solely own and have the right to authorize other Centers to use any Innovations without any compensation to you, any Owner, or your employees. We and our Affiliates own all related trade secrets, patents, patent applications, and any other intellectual property rights of the Innovations as a work-for-hire and you agree to enter into any transfer or assignment of ownership we require. You and your Owners hereby assign to us any rights you or your Owners may have or acquire in the Innovations, including the right to modify the Innovations, and waive and release all rights of restraint and moral rights therein and thereto. You and your Owners agree to assist us in obtaining and enforcing the intellectual property rights to any such Innovation in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your Owners hereby irrevocably designate and appoint us as agent and attorney-in-fact for you and for us to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such Innovations. In the event that the foregoing provisions of this section are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Innovations to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on you or your Owners' rights therein. Without limiting the foregoing, you and your Owners also agree to provide and disclose to us any improvements or concepts you and your Owners create and conceive concerning the operation of a 9ROUND Center, and that we and our Affiliates shall own, may use, and may permit others to use any such improvements or concepts without compensation to you or your Owners. Nothing in this Section modifies your obligations to comply with the System and the Manual.

F. Copyright. You hereby acknowledge and agree that the ownership of the Work belongs exclusively to us or our Affiliates and any copyright in respect to the Work belongs to us. In addition, you acknowledge that you have no right to manufacture any component of the Work or duplicate the Work and agree to purchase all components of (or rights of access to) the Work exclusively from us. You have no right to claim any proprietary interest in any of the Work. You must immediately notify us of any known infringement to the Work or to our copyright interest therein. We have the right to control any litigation related to our copyrights or the Work. You agree to assist us, as directed by us, in any claim or action against the infringer.

## **11. TRANSFER OR ASSIGNMENT OF FRANCHISE**

11. You agree that the following provisions govern any transfer or assignment or proposed transfer or proposed assignment:

A. Transfers. We have entered into this Agreement with specific reliance upon your financial qualifications, experience, skills and managerial qualifications as being essential to the satisfactory operation of the Center. Consequently, your interest in this Agreement or in the Center, or any Owner's interest in a franchisee that is a partnership or entity, may not be transferred to or assumed by any other person or entity (the "**transferee**"), in whole or in part, unless you have first tendered to us the right of first refusal to acquire this Agreement in accordance with Section 11.E., and if we do not exercise such right, unless our prior written consent is obtained, and the transfer conditions described in Section 11.C. are satisfied. Any sale (including



installment sale), lease, pledge, management agreement, contract for deed, option agreement, assignment, bequest, gift or otherwise, or any arrangement pursuant to which you turn over all or part of the daily operation of the business to a person or entity who shares in the losses or profits of the business in a manner other than as an employee will be considered a transfer for purposes of this Agreement. Specifically, but without limiting the generality of the foregoing, the following events constitute a transfer and you must comply with the right of first refusal, consent, and other transfer conditions in this Section 11:

- (i) Any change or series of changes in the percentage of the franchisee entity owned, directly or indirectly, by the Principal Owner (including any addition or deletion of any person or entity who qualifies as a Principal Owner);
- (ii) Any change in the general partner of a franchisee that is a general, limited or other partnership entity; or
- (iii) For purposes of this Section 11.A., a pledge or seizure of any ownership interests in you or in any Principal Owner that affects the ownership of 25% or more of you or a Principal Owner, which we have not approved in advance in writing.

In the event of your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, if your legal representative, successor, receiver or trustee desires to succeed to your interest in this Agreement or the business conducted hereunder, such person first must notify us, tender the right of first refusal provided for in Section 11.E., and if we do not exercise such right, must apply for and obtain our consent to the transfer, and satisfy the transfer conditions described in Section 11.C. In addition, you or the assignee must pay the attorneys' fees and costs that we incur in any bankruptcy or insolvency proceeding pertaining to you.

You may not place in, on, or upon the location of the Center, any information relating to the sale of the Center, without our prior consent.

B. Consent to Transfer. We may consent or withhold consent to any requested transfer based on our sole discretion. Application for our consent to a transfer and tender of the right of first refusal provided for in Section 11.E. must be made by submission of our form of application for consent to transfer, which must be accompanied by the documents (including a copy of the proposed purchase or other transfer agreement) or other required information. The application must indicate whether you or a Principal Owner proposes to retain a security interest in the property to be transferred. No security interest may be retained or created, however, without our prior written consent and except upon conditions acceptable to us. Any agreement used in connection with a transfer is subject to our prior written approval. Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement will be null and void and will provide us with the right to elect either to default and immediately terminate this Agreement or to collect from you and the guarantors a fee of \$10,000.

C. Conditions of Transfer. We condition our consent to any proposed transfer, whether to an individual, a corporation, a partnership or any other entity upon the following:

- (i) Transferee Qualifications. The transferee must meet all of our then-current requirements for the franchise we are offering at the time of the proposed transfer, including having demonstrated the transferee has the personal character, financial assets, and business experience we deem suitable to be successful in our System.
- (ii) Payment of Amounts Owed. All amounts owed by you to us or any of our Affiliates, your suppliers or any landlord for the Center premises and Authorized Location, or upon which we or any of our Affiliates have any contingent liability must be paid in full.
- (iii) Reports. You must have provided all required reports to us in accordance with Section 9.I.
- (iv) Modernization. You must have complied with the provisions of Section 5.F.

(v) Guarantee. In the case of an installment sale for which we have consented to you or any Principal Owner retaining a security interest or other financial interest in this Agreement or the business operated hereunder, you or such Principal Owner, and the guarantors, are obligated to guarantee the performance under this Agreement until the final close of the installment sale or the termination of such interest, as the case may be.

(vi) Consent to Transfer; General Release. You, each Principal Owner, and each guarantor must execute all transfer documents that we require and in the form we designate, which documents will include a general release of all claims arising out of or relating to this Agreement, your Center, or the parties' business relationship; provided, however, that the release will not be inconsistent with any state law regulating franchising.

(vii) Training. The transferee must, at your or the transferee's expense, comply with the training requirements of Section 7.B.

(viii) Financial Reports and Data. We have the right to require you to prepare and furnish to transferee and us such financial reports and other data relating to the Center and its operations as we deem reasonably necessary or appropriate for assignee and us to evaluate the Center and the proposed transfer. You agree that we have the right to confer with proposed transferees and furnish them with information concerning the Center and proposed transfer without being held liable to you, except for intentional misstatements made to an assignee. Any information furnished by us to proposed assignees is for the sole purpose of permitting the assignees to evaluate the Center and proposed transfer and must not be construed in any manner or form whatsoever as earnings claims or claims of success or failure.

(ix) Transfer Fee. ~~The transfer fee is an initial franchise fee and a purchaser of an existing 9ROUND franchise will be required to pay an initial franchise fee.~~ We must receive a transfer fee equal to: (a) \$10,000 if the proposed transferee is a new 9Round franchisee; (b) \$5,000 if the proposed transferee is an existing 9Round franchisee or (c) \$7,500 if the proposed transferee is an existing manager or trainer who has worked at a 9Round center for at least six (6) months. Subject to Section 11.G. below, at our discretion, we may reduce or waive the transfer fee if you make a request to add an Owner.

(x) New Franchise Agreement. If the proposed transfer (or a series of transfers) would result in a change in control of the franchisee, the transferee must execute our then-current form of franchise agreement; and each of transferee's Principal Owners must execute our then-current form of personal guaranty and undertaking, and if applicable, corporate guaranty and undertaking. The parties acknowledge and agree that our then-current form of franchise agreement may be materially different than this Agreement and may include, among other things, different fees. Additionally, in the event of a transfer, we have the unilateral right to change or modify the boundaries of the Designated Area under the new franchise agreement. The Designated Area modification, if any, will be noted in the new franchise agreement issued with respect to the transfer.

(xi) Member Information. You must have provided us with a full and accurate list of your current and prospective members, and at our direction, provide the same to the transferee.

(xii) Social Networking Accounts. You must assign ownership of all Social Networking Accounts associated with the Center to us.

(xiii) Other Conditions. You must have complied with any other conditions that we reasonably require from time to time as part of our transfer policies.

D. Death, Disability or Incapacity. If any individual who is a Principal Owner dies or becomes disabled or incapacitated and the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as a Principal Owner, such person or entity must apply for our consent under Section 11.B., comply with the training requirements of Section 7.B, and satisfy the transfer conditions under Section 11.C., as in any other case of a proposed transfer, all within one hundred and eighty (180) days of the death or event of disability or incapacity. During any transition period to an heir or successor-in-interest, the Center still must be operated

in accordance with the terms and conditions of this Agreement. If the assignee of the decedent or disabled or incapacitated person is the spouse or child of such person, no Franchise Fee will be payable to us and we will not have a right of first refusal as stated in Section 11.E.

E. Right of First Refusal. If you propose to transfer or assign this Agreement or your interest herein or in the business, in whole or in part, to any third party, including, without limitation, any transfer contemplated by Section 11.D. or any transfer described in Section 11.A., you first must offer to sell to us your interest. In the event of a bona fide offer from such third party, you must obtain from the third-party offeror and deliver to us a statement in writing, signed by the offeror and by you, of the terms of the offer. In the event the proposed transfer results from a change in control of the franchisee or a Principal Owner under Sections 11.A.(i) through 11.A.(iii), or your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, you first must offer to sell to us your interest in this Agreement and the land, building, equipment, furniture and fixtures, and any leasehold interest used in the operation of your Center. Unless otherwise mutually agreed to in writing, the purchase price for our purchase of assets in the event of a transfer that occurs by a change in control or insolvency or bankruptcy filing will be established by a qualified appraiser selected by the parties and in accordance with the price determination formula established in Section 14.B. in connection with an asset purchase upon expiration. In addition, unless otherwise agreed to in writing by us and you, the transaction documents, which we will prepare, will be those customary for this type of transaction and will include representations and warranties then customary for this type of transaction. If the parties cannot agree upon the selection of such an appraiser, we will select a mediator who will select an appraiser.

You or your legal representative must deliver to us a statement in writing incorporating the appraiser's report and all other information we have requested. We then have forty-five (45) days from our receipt of the statement setting forth the third-party offer or the appraiser's report and other requested information to accept the offer by delivering written notice of acceptance to you. Our acceptance of any right of first refusal will be on the same price and terms listed in the statement delivered to us; provided, however, we have the right to substitute equivalent cash for any noncash consideration included in the offer. If we fail to accept the offer within the forty-five (45)-day period, you will be free for sixty (60) days after such period to effect the disposition described in the statement delivered to us provided such transfer is in accordance with this Section 11. You may effect no other sale or assignment of you, this Agreement or the business without first offering the same to us in accordance with this Section 11.E.

F. Transfer by Us. We have the right to sell or assign, in whole or in part, our interest in this Agreement and you hereby consent to any such sale or assignment.

G. Assignment.

(i) Individual Franchisee. If you are in full compliance with this Agreement, you may submit a request to assign this Agreement to a corporate or other business entity **(i)** which conducts no business other than operating your Center (and if applicable other 9ROUND Centers), **(ii)** in which you maintain management control, **(iii)** of which you own and control 100% of the equity and voting power of all issued and outstanding equity interests and **(iv)** further provided that all assets of the Center are owned, and the entire Center is conducted by a single business entity. Any assignment meeting the conditions in this Section 11.G.i. will not be subject to the conditions in Section 11.C., however, the corporation or other similar entity must execute a document substantially in a form approved by us and substantially in a form attached hereto as Attachment J in which it agrees to become a party to and be bound by all the provisions of this Agreement, to execute and deliver to us a corporate guaranty, and the Principal Owners must agree to remain personally liable under this Agreement. Your request to assign this Agreement must be accompanied by an assignment fee of \$500. This fee is non-refundable and may be collected by us pursuant to the methods set forth in Section 9.F.. The assignment fee will be waived if you submit a request to assign this Agreement pursuant to this Section 11.G.i. within three (3) months of the Effective Date of this Agreement.



(ii) **Percentage Ownership.** If you are in full compliance with this Agreement, you may submit a request to remove a minority partner, member, or other owner of your business, or to increase or decrease the percentage ownership of any minority partner, member, or other owner of your business. Any change in the percentage ownership of any existing Principal Owner or any change in the percentage ownership of your business that would create a new Principal Owner is considered a transfer and is governed by Section 11.A-C, above. Your request must be accompanied by an assignment fee of \$500. This fee is non-refundable and may be collected by us pursuant to the methods set forth in Section 9.F.

#### H. **Securities Offerings.**

(i) **No Public Offerings.** Neither you nor any of your Owners may issue or sell your securities or the securities of any of your Affiliates if: (1) such securities would be required to be registered pursuant to the Securities Act of 1933, as amended, or such securities would be owned by more than 35 persons; or (2) after the issuance or sale, you or such Affiliate would be required to comply with the reporting and information requirements of the Securities Exchange Act of 1934, as amended.

(ii) **Private Placements.** You, your Owners, and Affiliates may offer securities or partnership interests, by private offering or otherwise, only with our prior written consent, which will not be unreasonably withheld (except for public offerings prohibited above). All materials required for such offering by federal or state law must be submitted to us for review prior to their being filed with any government agency; and any materials to be used in any exempt offering must be submitted to us for review prior to their use. No offering may imply (by use of the Marks or otherwise) that we are participating in the underwriting, issuance or offer of securities and our review of any offering will be limited solely to the subject of the relationship between you and us. In preparing a prospectus or other offering materials, you must make any changes and incorporate any disclaimers we require with respect to your relationship with us and your use of the Marks. You, Owners and the other participants in the offering must fully indemnify us in connection with the offering. For each proposed offering, you must pay us for our reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. You must give us written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section.

## 12. **DISPUTE RESOLUTION**

12. The following provisions apply with respect to dispute resolution:

A. **Mediation.** Each party agrees to be bound by the provisions of any limitation on the period of time by which claims must be brought under this Agreement or applicable law, whichever expires first.

Before the filing of any proceedings, and except as provided below, the parties agree to first submit their dispute to mediation. Mediation will be conducted by a mediator or mediation program agreed to by the parties and will take place in Simpsonville, South Carolina. Persons authorized to settle the dispute must attend any mediation session. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within thirty (30) days of the notice from the party seeking to initiate the mediation procedures. If not resolved within thirty (30) days, the parties are free to pursue litigation.

B. **Injunctive Relief and Collections.** Notwithstanding Section 12.A., the parties agree that the following claims will not be subject to arbitration or mediation: **(i)** any action by us for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to our tangible or intangible property, including, without limitation, the Marks, brought at any time, including without limitation, prior to or during the pendency or any arbitration proceeding initiated under Section 12.A.; **(ii)** any action by us in ejectment or for possession of any interest in real or personal property; **(iii)** our decision in the first instance to issue a notice of default or notice of termination, or undertake any other conduct with respect to the franchise relationship

that might later result in a dispute or controversy between the parties; or **(iv)** any collection action by us for the payment of royalty fees or other amounts owed under this Agreement.

C. Attorneys' Fees. The prevailing party in any litigation, action, or proceeding arising under, out of, in connection with, or in relation to this Agreement or other dispute between the parties, any lease or sublease for the Center or Authorized Location, or the business will be entitled to recover its reasonable attorneys' fees and costs.

### **13. DEFAULT AND TERMINATION AND OTHER REMEDIES**

13. The following provisions apply with respect to default and termination:

A. Termination by Us. You are in default if we determine that you or any Principal Owner or guarantor has breached any of the terms of this Agreement or any other agreement between you and us or our Affiliates including, without limitation, any failure to pay fees or other amounts due under this Agreement. We have the right to terminate this Agreement in accordance with the following provisions:

(i) Termination After Opportunity to Cure. Except as otherwise provided in this Section 13.B.: (1) we may terminate this Agreement if you have failed to cure any default under this Agreement within thirty (30) days from the date of our issuance of a written notice of default, other than a failure to pay amounts due or submit required reports, in which case we may terminate this Agreement if you have failed to cure such default within ten (10) days of our issuance of a written notice of default; (2) your failure to cure a default within the applicable cure period will provide us with good cause to terminate this Agreement; (3) the termination will be accomplished by mailing or delivering to you written notice of termination that will identify the grounds for the termination; and (4) the termination will be effective immediately upon our issuance of the written notice of termination.

(ii) Automatic Termination without Notice or Opportunity to Cure. In the event that any of the following defaults occur, this Agreement will terminate automatically, without notice and without providing you an opportunity to cure: (1) the filing of a voluntary or involuntary petition for bankruptcy relief by or against you or by or against any Principal Owner or guarantor; (2) your insolvency (meaning your inability to pay debts as and when they become due); (3) your making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors.

(iii) Immediate Termination with No Opportunity to Cure. In the event any of the following defaults occurs, you will have no right or opportunity to cure the default and this Agreement will terminate effective immediately on our issuance of written notice of termination: (1) you failed to pay us the Initial Franchise Fee upon execution of this Agreement; (2) you have failed to identify a mutually acceptable site for the operation of the Center or to open the Center for business within the time period provided by this Agreement; (3) you failed to ~~pay the net~~ Grand Opening Marketing ~~Fee when due and owing requirements~~; (4) you or any Owner has made any material misrepresentation or omission in your franchise application; (5) your voluntary abandonment of the franchised business; (6) the loss of your lease, or the failure to timely cure a default under the lease; (7) the loss of your right of possession or failure to reopen or relocate under Section 5.G.; (8) the closing of the Center by any state or local authorities for health or public safety reasons; (9) any unauthorized use of the Confidential Information; (10) conviction of you, any Principal Owners, or guarantors of (or pleading no contest to) any felony or misdemeanor that brings or tends to bring any of the Marks into disrepute or impairs or tends to impair your reputation or the goodwill of the Marks or the Center; (11) you, any Owner, guarantor or an Affiliate of any of you are listed by the United States or United Nations as being a terrorist, financier of terrorism or otherwise restricted from doing business in or with the United States; (12) intentionally understating or underreporting membership sales or any understatement or 2% variance on a subsequent audit within a two (2)-year period under Section 9.I.; (13) any unauthorized transfer or assignment in violation of Section 11; (14) you or any Owner or guarantor defaults under any other agreement between them and us, our Affiliates, or a third party essential to the operation of your Center (such as a landlord, vendor, or supplier), and has not been cured within any applicable cure period; or (15) the

occurrence of two (2) or more defaults of the same or similar nature within any twelve (12)-month consecutive period, or the occurrence of four (4) or more defaults, regardless of their nature, within any twenty four (24)-month period, and regardless of whether the previous defaults were timely cured; (15) you have failed to meet the training requirements of Section 7.B. We also have the right to terminate this Agreement, effective upon delivery of written notice of termination, in the event of: (a) termination, on account of your default, of any other franchise agreement between you or your Affiliate, as franchisee, and us, as franchisor, or (b) abandonment or unauthorized closure of any other Center operated under a franchise agreement between you or your Affiliate, as franchisee, and us, as franchisor.

(iv) Immediate Termination After No More than Seven (7) Days to Cure. In the event that any of the following defaults exist, you will have no more than seven (7) days after we provide written notice of the default to cure the default, and this Agreement will terminate effective immediately on our issuance of written notice of termination: (1) a default occurs that materially impairs the goodwill associated with any of the Marks, violates any health, safety or sanitation law or regulation, or if the operation of the Center presents a health or safety hazard to your members or to the public; (2) a default occurs that involves misuse of our Marks, including the offer or sale of unauthorized products or services at or from the Center premises or in conjunction with the Marks; (3) a default occurs that involves the installation or use of unauthorized equipment at the Center premises; or (4) a default occurs that involves the failure to follow our prescribed workout routines, or the offering of unauthorized workout routines.

(v) Effect of Other Laws. The provisions of any valid, applicable law or regulation prescribing permissible grounds, cure rights or minimum periods of notice for termination of this franchise supersede any provision of this Agreement that is less favorable to you.

B. Termination by You. You may terminate this Agreement as a result of a breach by us of a material provision of this Agreement provided that: *(i)* you provide us with written notice of the breach that identifies the grounds for the breach; and *(ii)* we fail to cure the breach within a reasonable time, which will in no event be less than sixty (60) days after our receipt of the written notice. If we fail to cure the breach, the termination will be effective ninety (90) days after our receipt of your written notice of breach. Your termination of this Agreement under this Section will not release or modify your post-term obligations under Sections 10.D. and 14 of this Agreement.

C. Other Remedies. If you fail to identify a site for the Center or open the Center within the time required by this Agreement, or if a default occurs which allows us to terminate this Agreement, in lieu of terminating this Agreement, we may, at our sole option, amend the Franchise Agreement to eliminate any Designated Area protection or reservation provided to you under Section 2.C. of this Agreement. If you are in default under this Agreement, in addition to any other remedies we may have, we have the right to withhold services pending any cure of the default including: *(i)* removing your Center from any website we operate; *(ii)* suspending online enrollment; or *(iii)* suspending our facilitation of the member billing process.

D. Liquidated Damages.

(i) In the event that you prematurely cease operation of the Center in accordance with this Agreement, or if you commit a default that results in early termination of this Agreement, you must pay us, as liquidated damages and not as a penalty, the lesser of \$20,000 or an amount equal to the average monthly fees paid to us over the past twelve (12) months multiplied by the number of months remaining in the then-current Term, reduced to present value at a rate of 6%. The parties acknowledge and agree that such amount represents a reasonable estimate of the damages we will incur as a result of such default and premature termination. If you are party to any other agreement with us to operate one or more other 9ROUND Centers, we have the discretion to deduct some or all of these liquidated damages from any accounts you maintain relating to those 9ROUND Centers. If we elect to deduct any liquidated damages from any other accounts you maintain, we reserve the right to collect these amounts in installments, payable at 6% interest for a term of up to twenty-four (24) months.

(ii) In the event that you sell any products or offer any services that we have not authorized for sale, you must pay us an amount equal to 70% of the gross revenue that you derived from the sale of unauthorized products, and 100% of the gross revenues that you derived from the offer of unauthorized services. We have the right to collect these amounts in the same way as we collect payment of royalty fees. The parties acknowledge and agree that 70% of gross revenue represents a reasonable estimate of the profits you will derive as a result of selling unauthorized products, and that 100% of gross revenue represents a reasonable estimate of the profits you will derive as a result of offering unauthorized services.

E. Step In Rights. During any period that you are in default of this Agreement, you hereby authorize us, and we shall have the right, but not the obligation, to order the closure of the Center, to operate the Center on your behalf for as long as we deem necessary, and to coordinate the transfer of Memberships to other Centers, all without waiver of any other rights or remedies we may have under this Agreement or applicable law. If we or our representative undertakes to operate the Center pursuant to this Section 13.E., we shall have the right to collect all revenues of the Center, and (i) pay from such revenues all operating expenses of the Center including, without limitation, Royalty Fees, Brand Building Fund Fees, local advertising and marketing expenditures, Technology Fees, and all other amounts due under this Agreement, wages, salaries, occupancy costs, and taxes; (ii) reimburse ourselves from such revenues any out-of-pocket costs that we incur in connection with providing management services; and (iii) pay ourselves or our management services provider a management fee in an amount equal to 5% of Center gross revenues, calculated on a monthly basis.

F. Cross-Default. Any default by you or your Affiliates under any agreement between you or your Affiliates and us or our Affiliates, that is not cured within any applicable cure period, shall be considered a default by you under this Agreement and shall provide us with an independent basis for termination of this Agreement.

## 14. POST-TERM OBLIGATIONS

14. Upon the expiration or termination of this Agreement:

A. Reversion of Rights; Discontinuation of Trademark Use. All of your rights to the use of the Marks and all other rights and licenses granted in this Agreement and the right and license to conduct business under the Marks at the Authorized Location will revert to us without further act or deed of any party.

You shall immediately comply with the post-Term non-compete obligations under Section 10.D., cease all use and display of the Marks and of any proprietary material (including the Manual) and of all or any portion of promotional materials furnished or approved by us.

You shall assign all right, title and interest in the telephone numbers for the Center and assign or cancel, at our option, any assumed name rights or equivalent registrations filed with authorities.

You must pay all sums due to us, our Affiliates or designees and all sums you owe to third parties that have been guaranteed by us or any of our Affiliates.

You must immediately return to us, at your expense, all copies of the Manuals then in your possession or control or previously disseminated to your employees and continue to comply with the confidentiality provisions of Section 6.H.

If we elect not to assume the Center lease according to the option described in 14.B., below, you shall promptly, at your expense, de-identify the Center premises. For purposes of this provision, “de-identify” means removing or obliterating all Center signage, displays and other materials that bear any of the Marks, confusingly similar trademarks or service marks, the Work, and our copyrighted works, and altering the appearance of the Center so that it no longer resembles a business operating under the System. As of the date of this Agreement, the obligation to de-identify the Center premises also includes, without limitation, the following: removal of any items or signs internally and externally bearing the Marks, removal of daily workout screens and associated brackets, removal of any items or signage or awnings bearing “First Workout Free,” removal of any brick wall or faux brick wall covering, repainting or recovering of interior walls to remove any red wall covering,

replacing any red floor coverings, removal of numbered signage over workout stations, refraining from referral to any workout stations as “rounds”, wipe or purge computers of any and all heart rate monitor equipment and systems data, and as directed by us, deactivating and deleting, or transferring ownership to us, of the Center’s entire internet presence, including any and all Social Networking Accounts associated with the Center, whether created or inherited by you. If you fail or refuse to comply with the provisions of this paragraph within thirty (30) days, we have the right to enter upon the Center premises, or we may appoint the landlord of your Center to do so on our behalf, without being guilty of trespass or any other crime or tort, for purposes of de-identifying the Center on your behalf, and you must reimburse us for our costs incurred. We have the right to communicate with the Center’s lessor to complete the de-identification, and you agree to reimburse us, whether by direct payment or through our deduction or offset from amounts held by us or our Affiliates. At our discretion, we may charge you or otherwise withhold from payments due to you a reasonable estimate of our costs in advance of performing such de-identification in the event you do not comply with your obligations.

You are responsible for reimbursing members for all pre-paid services not rendered.

Notwithstanding the foregoing, in the event of expiration or termination of this Agreement, you will remain liable for your obligations pursuant to this Agreement or any other agreement between you and us or our Affiliates that expressly or by their nature survive the expiration or termination of this Agreement.

B. Option to Assume Lease; Assume Telephone Numbers and Membership Contracts, and Purchase Assets. Upon termination or expiration of this Agreement, we will have the option (but not the obligation) to do any or all of the following: **(i)** assume your Lease for the Center premises; **(ii)** assume all telephone numbers used in connection with the operation of the Center; **(iii)** assume all utilities used in connection with the operation of the Center; and **(iv)** assume your rights and interest in and to any Membership Contract to which you are a party, by delivering to you written notice of our election within thirty (30) days after termination or expiration of this Agreement.

Upon termination or expiration of this Agreement, we also will have the option, to purchase any or all of the assets used in connection with the operation of the Center including, without limitation, equipment, fixtures, signage, furnishings, and supplies. The purchase price for the assets will be determined by a qualified appraiser selected with the consent of both parties, provided we give you written notice of our preliminary intent to exercise our purchase rights under this Section 14.B. within thirty (30) days after the date of the expiration or termination of this Agreement. If the parties cannot agree upon the selection of an appraiser(s), each party will appoint their own appraiser and the two appraisers will select a neutral appraiser, who will independently perform the appraisal. Within forty-five (45) days after our receipt of the appraisal report, we or our designated purchaser will identify the assets, if any, that we intend to purchase at the price designated for those assets in the appraisal report. We or our designated purchaser and you will then proceed to complete and close the purchase of the identified assets, and to prepare and execute purchase and sale documents customary for the assets being purchased, in a commercially reasonable time and manner. We and you will each pay one-half of the appraiser’s fees and expenses. Our interest in the assets of the Center that are owned by you or your Affiliates will constitute a lien thereon and may not be impaired or terminated by the sale or other transfer of any of those assets to a third party. Upon our or our designated purchaser’s exercise of the purchase option and tender of payment, you agree to sell and deliver, and cause your Affiliates to sell and deliver, the purchased assets to us or our designated purchaser, free and clear of all encumbrances, and to execute and deliver, and cause your Affiliates to execute and deliver, to us or our designated purchaser a bill of sale therefore, and such other documents as may be commercially reasonable and customary to effectuate the sale and transfer of the assets being purchased.

You must execute all additional documentation that we designate to give effect to the options described in this Section 14.B. We may assign our option rights to any person of our choice.

C. Claims. You and your Principal Owners and guarantors may not assert any claim or cause of action against us or our Affiliates relating to this Agreement or the business contemplated under this Agreement after the shorter period of the applicable statute of limitations or one (1) year following the effective date of



termination or expiration of this Agreement; provided that where the one (1)-year limitation of time is prohibited or invalid by or under any applicable law, then and in that event no suit or action may be commenced or maintained unless commenced within the applicable statute of limitations.

## 15. GENERAL PROVISIONS

15. The parties agree to the following provisions:

A. Severability. Should one (1) or more clauses of this Agreement be held void or unenforceable for any reason by any arbitrator or court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding must, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

B. Waiver/Integration. No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach. Subject to our rights to modify the Marks, System, Manual, and to designate the Authorized Location and Designated Area as stated in this Agreement, this Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us. This Agreement together with the addenda and appendices and the application form executed by you requesting us to enter into this Agreement constitute the sole agreement between the parties with respect to the entire subject matter of this Agreement and embody all prior agreements and negotiations with respect to the business. You acknowledge and agree that you have not received any warranty or guarantee, express or implied, as to the potential volume, profits or success of your business. There are no representations or warranties of any kind, express or implied, except as contained in this Agreement and in the aforesaid application. Nothing in this Agreement is intended to disclaim the representations we have made in our Franchise Disclosure Document.

C. Notices. Except as otherwise provided in this Agreement, any notice, demand or communication provided for in this Agreement must be in writing and signed by the party serving the same and **(i)** delivered personally; or **(ii)** delivered by a reputable overnight service (such as FedEx); or **(iii)** deposited in the United States mail, service or postage prepaid (and if such notice is a notice of default or of termination, by registered or certified mail), and addressed as follows:

1. If intended for us, addressed to CEO, 9Round Franchising, LLC, 847 NE Main Street, Simpsonville, SC 29681, with a copy marked to the attention of the General Counsel at the same address;

2. If intended for you, addressed to you at Address for Notices set forth on the Summary Pages or at the Authorized Location; or, in either case, to such other address as may have been designated by notice to the other party. Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this Section. Notwithstanding the foregoing, we may also provide notice and communications to you, other than a notice of default or termination, by electronic means (including, without limitation, by facsimile, email, or through any electronic communications system we designate for the System).

D. Authority. Any modification, consent, approval, authorization or waiver granted in this Agreement required to be effective by signature will be valid only if in writing executed by you or, if on behalf of us, in writing executed by an authorized officer.

E. References. If the franchisee is two (2) or more persons, the persons are jointly and severally liable, and references to you in this Agreement includes all of the individuals. Headings and captions contained herein are for convenience of reference and may not be taken into account in construing or interpreting this Agreement.

F. Guarantee. All Owners of a franchisee that is a corporation, partnership, limited liability company or partnership, or other legal entity, must execute the personal guaranty and undertaking in the form attached at Attachment C-1 and the corporate guaranty in the form attached at Attachment C-2 to this Agreement. At our request, the spouse of an Owner of a franchisee as described in the foregoing sentence must execute the personal guaranty and undertaking in the form attached at Attachment C-1 to this Agreement. Any person or entity that at any time after the date of this Agreement becomes an Owner pursuant to the provisions of Section 11 or otherwise must execute the personal guaranty and undertaking in the form attached at Attachment C-1 and the corporate guaranty in the form attached at Attachment C-2 to this Agreement.

G. Successors/Assigns. Subject to the terms of Section 11 hereof, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

H. Interpretation of Rights and Obligations. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

(i) Applicable Law and Waiver. Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Section 12 of this Agreement, all claims arising out of or relating to this Agreement and the parties' relationship will be governed by, and will be interpreted in accordance with, the substantive laws of the state where our corporate headquarters are located (currently, South Carolina) (irrespective of any conflicts of laws); provided that any law or regulation applicable to the offer or sale of franchises or the franchise relationship will apply only if the jurisdictional provisions of the law are otherwise met.

(ii) Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify any express limitations stated in this Agreement.

(iii) Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. You acknowledge that we shall have no liability to you for the exercise of our Reasonable Business Judgment. IF WE TAKE ANY ACTION OR CHOOSE NOT TO TAKE ANY ACTION IN OUR DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT OUR RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF OUR DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF OUR DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR OUR DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

(iv) Drafting Party. The parties acknowledge that each party and its counsel have reviewed this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the parties, and no presumption or burden of proof will arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement or any amendments or exhibits attached hereto.

I. Venue. Except as expressly provided in Section 12, any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties must be brought in the Federal District Court for the District where our corporate headquarters are located (currently, the District of South Carolina) or in the state court with jurisdiction where our corporate headquarters are located (currently, Greenville County Court of Common Pleas, Greenville, South Carolina). Both parties irrevocably submit

themselves to, and consent to, the jurisdiction of said courts. The provisions of this Section will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this Section, and with a complete understanding thereof, agree to be bound in the manner set forth.

**J. Jury Trial Waiver. All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement.**

**K. Waiver of Punitive, Consequential Damages and other Special Damages. With the exception of our right to seek indemnification for third party claims as set forth in this Agreement and our right to seek recovery of lost future profits as a common law remedy for premature termination of this Agreement, the parties hereby waive to the fullest extent permitted by law any right to or claim of any loss of revenues, loss of profits, loss of time, inconvenience, loss of use, or any other incidental, special, indirect, exemplary, punitive, or consequential loss against the other and agree that in the event of a dispute between them, each shall be limited to the recovery of any actual damages sustained by the party.**

**L. Relationship of the Parties.** The parties' relationship is that of independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence.

**M. Adaptations and Variances.** Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, we have the right to vary the equipment offerings and other standards, specifications, and requirements for any franchised Center or franchisee based upon the customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such Center, franchisee's business or the System. We are not required to grant to you a like or other variation as a result of any variation from standard operations, specifications or requirements granted to any other franchisee. You acknowledge that you are aware that our other franchisees operate under a number of different forms of agreement that were entered into at different times and that, consequently, the obligations and rights of the parties to other agreements may differ materially in certain instances from your rights and obligations under this Agreement.

**N. Notice of Potential Profit.** We and our Affiliates may from time to time make available to you supplies, equipment, products and services for use in your Center on the sale of which we or our Affiliates may make a profit. Further, we and our Affiliates may from time to time receive consideration from suppliers and manufacturers in respect to sales of supplies, equipment, products or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we and our Affiliates are entitled to said profits and consideration.

**O. Force Majeure.** If a party's default under this Agreement (other than your obligations with respect to insurance and indemnification, to obtain a site and open the Center within a specified period, and to pay all fees and other amounts due to us and our Affiliates under this Agreement and any other agreement between you and us or our Affiliates), is caused in whole or in part by a force majeure, such default and any right of the other party to terminate this Agreement for such default is suspended for as long as the default is reasonably caused by such force majeure. Any suspension is effective only from the delivery of a notice of the force majeure to the other party stating the party's intention to invoke the force majeure. However, if such suspension continues for longer than six (6) months and the default still exists, either party has the right to terminate this Agreement upon thirty (30) days' notice to the other party. Events of force majeure are those that cannot be prevented, avoided or removed by the party invoking the force majeure despite the exercise of reasonably diligence, including acts of God, actions of the elements, lockouts, strikes, wars, riots, acts of terrorism, civil commotion, and acts of governmental authorities (not including a governmental authority's delaying or refusing to grant



building permits, licenses and other permissions and approvals), and except as specifically provided for elsewhere in this Agreement.

P. Your Representations to Us. As an inducement to us to grant you the franchise contemplated by this Agreement, you hereby acknowledge and represent to us the following (and agree to notify us immediately in writing upon the occurrence of any act or event that would render any representation incorrect):

(i) Corporate Ownership. If you are a corporation, limited liability company, partnership or similar entity, you and each of your Owners represents and warrants that your ownership is completely and accurately listed on the Summary Page and that you will provide us with updated ownership information so that at all times the ownership information is current, complete and accurate. In addition, you represent and warrant that: (1) you are duly organized, in good standing and authorized to conduct business in your state of incorporation and the state where the Center is located; (2) you will confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Center or another Center under a Franchise Agreement with us; (3) all assets used in the operation of the Center are owned or leased by you; and (4) you have and will maintain stop transfer instructions on your records against the transfer of equity securities except in compliance with this Agreement and will only issue securities upon the face of which bear a legend, in a form satisfactory to us, which references the transfer restrictions imposed by this Agreement.

(ii) Patriot Act. You represent, warrant and certify that none of you, your Affiliates, officers or directors or holders of any equity interest in you is or will be named as a “specially designated national” or “blocked person” (or other similar classification) as designed by the United States Department of The Treasury’s Office of Foreign Assets Control (or other applicable governmental agency).

(iii) Applicable Laws. You acknowledge that there may be Applicable Laws that may affect the operation of the Center, that may conflict with your obligation to comply with our Standards, and that may negatively impact the financial performance of the Center. It is solely your responsibility, both prior to and after purchasing the franchise, to identify, understand and comply with all Applicable Laws. In entering into this Agreement, you are not relying in any way upon any representation or warranty (express or implied) by us or anyone associated with us that our System or Standards complies with Applicable Laws.

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement as of the dates written below.

**FRANCHISEE:** (For an entity)

**FRANCHISEE:** (For an individual)

Name of Entity: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISOR:** 9ROUND FRANCHISING,  
LLC

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Attachment A to the Franchise Agreement**

**DESIGNATED AREA**

**A. AUTHORIZED LOCATION.** The **Authorized Location** means the following area:

---

---

**B. DESIGNATED AREA.** The **Designated Area** means the following area:

---

---

---

If the Designated Area is not identified as of the date of this Franchise Agreement, we will determine the Designated Area when you sign the lease for the Authorized Location. The Designated Area will be an area of up to three (3) miles from the Authorized Location as we determine in our sole judgment after a review of relevant factors (see Section 2.C.).

The Designated Area may overlap with designated areas of other Centers. In the overlapping areas, each Center is permitted to market and solicit for members (see Section 6.B.). Once identified by us, the Designated Area is fixed for the Term of the Franchise Agreement unless you relocate the Center and upon renewal or transfer (see Sections 4.B., 5.G., and 11.C.). The driving miles are fixed as of the date the Designated Area is determined by us and based on our mapping program used at the time the Designated Area is determined. No Designated Area will be enlarged due to any future road construction or other alteration.

**FRANCHISEE:** (For an entity)

Name of Entity: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:** (For an individual)

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISOR:** 9ROUND FRANCHISING,  
LLC

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## Attachment B to the Franchise Agreement

### INFORMATION RELEASE CONSENT

The undersigned entered into a Franchise Agreement for the operation of a 9ROUND Center under a license from 9Round Franchising, LLC. In connection with the Franchise Agreement, I authorize 9Round Franchising, LLC to discuss with and obtain information from the third party providers for any 9ROUND Center owned or guaranteed by my Principal Owners (directly or indirectly), including: (1) the landlord of the Center, (2) any lender providing financing for the Center or that holds any security interest in any of the assets of the Center or in the Franchisee (if a corporate entity), and (3) any other vendor or supplier for the Center. I authorize such persons to provide information regarding the 9ROUND Center to 9Round Franchising, LLC.

#### FRANCHISEE: (For an entity)

Name of Entity: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

#### FRANCHISEE: (For an individual)

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

**Attachment C-1 to the Franchise Agreement**  
**PERSONAL GUARANTY AND AGREEMENT TO BE BOUND**  
**PERSONALLY BY THE TERMS AND CONDITIONS**  
**OF THE FRANCHISE AGREEMENT**

1. I have read the Franchise Agreement between 9ROUND FRANCHISING, LLC (the “**Franchisor**”) and \_\_\_\_\_ (“**Franchisee**”). Capitalized terms will have the meanings ascribed to them in the Franchise Agreement unless otherwise defined herein.
2. I recognize that this is a separate agreement from the Franchise Agreement, and I will read, consider, and sign this as such.
3. I own, or my spouse owns, as the case may be, a beneficial interest in the Franchisee and would be considered an “**Owner**” within the definition contained in Franchise Agreement.
4. I understand that, were it not for this Personal Guaranty and Undertaking (the “**Guaranty**”), Franchisor would not have agreed to enter into the Franchise Agreement with Franchisee.
5. This Guaranty operates to bind the individuals, and, as applicable, their spouses, associated with the entity, and as such, is meant to bind me in my individual capacity for any obligations outstanding to Franchisor.
6. If there are multiple owners of this Franchise, each signatory becomes jointly and severally liable for the obligations under the terms of the Franchise Agreement. I understand that fellow owners and I become co-guarantors.
7. Upon signature of this Guaranty, this Guaranty becomes a valid component of the Franchise Agreement and is therefore enforceable. This Guaranty is in addition to the Franchise Agreement and does not negate nor override any provisions of the Franchise Agreement.
8. I will personally comply with the provisions contained in Section 3 of the Franchise Agreement concerning the Franchisee’s use of Franchisor’s Marks (as that term is defined in the Franchise Agreement). I understand that, except for the license granted to the Franchisee, I have no individual right to use the Marks and I have no ownership interest in the Marks.
9. I will personally comply with all of the provisions contained in Section 6 of the Franchise Agreement concerning the use of the Manual and Confidential Information. I will maintain the confidentiality of all Confidential Information disclosed to me. I agree to use the Confidential Information only for the purposes authorized under the Franchise Agreement. I further agree not to disclose any of the Confidential Information, except **(a)** to the Franchisee’s employees on a need to know basis, **(b)** to the Franchisee’s and my legal and tax professionals to the extent necessary for me to meet my legal obligations, and **(c)** as otherwise may be required by law.
10. I will personally comply with all of the provisions contained in Section 11 of the Franchise Agreement concerning the transfer of my ownership interest in the Franchisee.
11. While I am an Owner of the Franchisee and, for a two (2)-year period after I cease to be an Owner (or two (2) years after termination or expiration (without renewal) of the Franchise Agreement, whichever occurs first), I will not:
  - (a)** Divert or attempt to divert any present, prospective, or former member of any 9ROUND Center to any competitor or do anything to harm the goodwill associated with the Marks and the System; or
  - (b)** Own, operate, lease, franchise, engage in, be connected with, have any interest in, or assist any person or entity engaged in any big-box center or club, or any fitness center, club, studio, online fitness service, or exercise facility featuring boxing, kickboxing or a circuit training program that is located at or within a twenty five (25)-mile radius of the former Authorized Location, that is located within a twenty five (25)-mile radius of any other 9ROUND Center in operation or under construction, or that is located in

the Designated Area of any other 9ROUND franchisee. This time period will be tolled during any period of my noncompliance and it may be extended at the Franchisor's sole discretion.

12. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Guaranty. If all or any portion of a covenant in this Guaranty is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which Franchisor is a party, I expressly agree to be bound by any lesser covenant included within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Guaranty.

13. I understand and acknowledge that Franchisor has the right, in its sole discretion, to reduce the scope of any covenant set forth in this Guaranty, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

14. All judicial proceedings brought against Franchisee arising out of or relating to this Guaranty, the Franchise Agreement, or any other agreements, shall be brought in accordance with applicable law provisions of the Franchise Agreement.

15. I agree that the provisions contained in Section 12 of the Franchise Agreement will apply to any dispute arising out of or relating to this Guaranty. If Franchisor brings any legal action to enforce its rights under this Guaranty, I will reimburse Franchisor its reasonable attorneys' fees and costs.

16. I hereby guarantee the prompt and full payment of all amounts owed by the Franchisee under the Franchise Agreement.

17. I will pay all amounts due under this Guaranty within fourteen (14) calendar days after receiving notice from Franchisor that the Franchisee has failed to make the required payment. I understand and agree that Franchisor need not exhaust its remedies against Franchisee before seeking recovery from me under this Guaranty.

18. No modification, change, impairment, or suspension of any of Franchisor's rights or remedies shall in any way affect any of my obligations under this Guaranty. If the Franchisee has pledged other security or if one or more other persons have personally guaranteed performance of the Franchisee's obligations, I agree that Franchisor's release of such security will not affect my liability under this Guaranty.

19. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND THE OFFER OR GRANT OF THE FRANCHISE.**

20. I understand that Franchisor's rights under this Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law.

21. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one (1) business day after electronically confirmed transmission by facsimile or other electronic system; one (1) business day after delivery by Express Mail or other recognized, reputable overnight courier; or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to Franchisor written notice of the change.

It is further understood and agreed by the undersigned that the provisions, covenants, and conditions of this Guaranty will inure to the benefit of my successors and assigns.

Intending to be legally bound, I have executed this Guaranty on the date set forth below.

**FRANCHISEE:** \_\_\_\_\_ (insert name of entity)

**DATE:** \_\_\_\_\_

**PERSONAL GUARANTORS:**

\_\_\_\_\_

Individually

\_\_\_\_\_

Print Name

\_\_\_\_\_

Address

\_\_\_\_\_

City      State      Zip Code

\_\_\_\_\_

Telephone

\_\_\_\_\_

Individually

\_\_\_\_\_

Print Name

\_\_\_\_\_

Address

\_\_\_\_\_

City      State      Zip Code

\_\_\_\_\_

Telephone

## Attachment C-2 to the Franchise Agreement

### CORPORATE GUARANTY

Contemporaneous with the execution of this Corporate Guaranty \_\_\_\_\_ (“**Franchisee**”) is entering into a franchise agreement (“**Franchise Agreement**”) with 9ROUND FRANCHISING, LLC (“**Franchisor**”) for the operation of a 9Round franchised business (“**Center**”).

The undersigned (“**Guarantor**”) controls, is controlled by, or is under common control with Franchisee, and will receive a material benefit from Franchisee’s operations of the Center under the Franchise Agreement.

In consideration for such material benefit, and as an inducement for Franchisor to enter into the Franchise Agreement, and for other good and valuable consideration, the undersigned, for itself and its successors and assigns, hereby becomes surety and guarantor for the payment of all amounts and the performance of terms and conditions in the Franchise Agreement, to be paid, kept and performed by the franchisee, including without limitation the dispute resolution provisions of the Agreement.

The undersigned acknowledges that, were it not for this guaranty, Franchisor would not have agreed to enter into the Franchise Agreement with franchisee.

The undersigned waives: (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right he/she may have to require that an action be brought against the franchisee or any other person as a condition of liability.

In addition, the undersigned consents and agrees that: (1) the undersigned’s liability will not be contingent or conditioned upon our pursuit of any remedies against the franchisee or any other person; (2) such liability will not be diminished, relieved or otherwise affected by franchisee’s insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Franchise Agreement, or the amendment or extension of the Franchise Agreement with or without notice to the undersigned; and (3) Franchisor may deduct any amounts owed by Franchisee from the monies Guarantor’s billing and payment processor collects on its behalf and Guarantor hereby authorizes the billing and payment processor to deduct such amounts and to pay those amounts to Franchisor.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this guaranty will inure to the benefit of our successors and assigns.

#### **GUARANTOR:**

Name of Entity: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

#### **ACKNOWLEDGED BY FRANCHISEE:**

Name of Entity: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## Attachment D to the Franchise Agreement

### Electronic Transfer of Funds Authorization

Franchisee: \_\_\_\_\_

Location: \_\_\_\_\_

Date: \_\_\_\_\_

NEW	CHANGE

Attention: Bookkeeping Department

The undersigned hereby authorizes 9Round Franchising, LLC, its parent company, designated billing provider or any affiliated entity (collectively, “**9Round**”), to initiate weekly ACH debit entries against the account of the undersigned with you in payment of amounts for continuing fees, such as Royalty Fees and marketing fees or other amounts that become payable, by the undersigned, to 9Round. The dollar amount to be debited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by 9Round. This authorization is binding and will remain in full force and effect until 90 days prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization. Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned’s account to cover such ACH debit entries.

Sincerely yours,

\_\_\_\_\_  
Bank Name

\_\_\_\_\_  
Branch

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City State Zip Code

\_\_\_\_\_  
Bank Telephone Number

\_\_\_\_\_  
Routing Number

\_\_\_\_\_  
Account Number

\_\_\_\_\_  
Account Name

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City State Zip Code

\_\_\_\_\_  
Telephone Number

SIGNATURE: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



**Attachment E to the Franchise Agreement  
LEASE ADDENDUM**

This Lease Addendum (“**Addendum**”) dated \_\_\_\_\_, 20\_\_\_\_, is entered into between \_\_\_\_\_ (“**Landlord**”), and \_\_\_\_\_ (“**Tenant**”).

**RECITALS**

- A. The parties have entered into a Lease Agreement, dated \_\_\_\_\_ (the “**Lease**”) for the premises located at \_\_\_\_\_ (the “**Premises**”).
- B. Tenant has agreed to use the Premises only for the operation of a 9ROUND Center pursuant to a franchise agreement (“**Franchise Agreement**”) with 9Round Franchising, LLC (“**9Round**”).
- C. The parties desire to amend the Lease in accordance with the terms and conditions contained in this Addendum.

**AGREEMENT**

1. Remodeling and Décor; Maintenance. Landlord agrees to allow Tenant to remodel, equip, paint and decorate the interior of the Premises and to display such proprietary marks and signs on the interior and exterior of the Premises pursuant to the Franchise Agreement and any successor Franchise Agreement. Landlord agrees to cooperate and allow 9Round to enter the Premises, without cost and without being guilty of trespass or any other crime or tort and without incurring any liability to Landlord, to repair or replace any equipment, signage, similar items or to perform any maintenance on the Premises.
2. Assignment. Tenant has the right to assign all of its right, title and interest in the Lease to 9Round or its successor, or either company’s affiliates, at any time during the term of the Lease, including any extensions or renewals, without first obtaining Landlord’s consent, and Landlord agrees not to impose an assignment fee or similar assessment or to increase or accelerate rent under the Lease, in connection with such Assignment. No assignment will be effective, however, until 9Round or its successor or designated affiliate gives Landlord written notice of its acceptance of the assignment. If 9Round elects to assume the lease under this paragraph or unilaterally assumes the lease as provided for in subparagraphs 3(c) or 4(a), Landlord and Tenant agree that **(i)** Tenant will remain liable for the responsibilities and obligations, including amounts owed to Landlord, prior to the date of assignment and assumption, and **(ii)** 9Round will have the right to sublease the Premises to another 9ROUND franchisee, without further need for Landlord approval, provided the franchisee agrees to operate the Center as a 9ROUND Center pursuant to a franchise agreement with 9Round. 9Round will be responsible for the lease obligations incurred after the effective date of the assignment.
3. Default and Notice.
  - (a) In the event there is a default or violation by Tenant under the terms of the Lease, Landlord agrees to give Tenant and 9Round written notice of such default or violation within a reasonable time after Landlord knows of its occurrence. Landlord agrees to provide 9Round the written notice of default as written and on the same day Landlord gives it to Tenant. Although 9Round is under no obligation to cure the default, 9Round will notify Landlord if it intends to cure the default and unilaterally assume Tenant’s interest in the lease as provided in Paragraph 3(c). 9Round will have an additional fifteen (15) days from the expiration of Tenant’s cure period in which to cure the default or violation.

- (b) All notices to 9Round must be sent by registered or certified mail, postage prepaid, to the following address:

9Round Franchising, LLC  
847 NE Main Street  
Simpsonville, SC 29681  
864-962-4600  
[legal@9roundhqstrikingbrands.com](mailto:legal@9roundhqstrikingbrands.com)

9Round may change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees to notify both Tenant and 9Round of any change in Landlord's mailing address to which notices should be sent.

- (c) Upon Tenant's default and failure to cure a default under either the Lease or the Franchise Agreement, 9Round has the right (but not the obligation) to unilaterally assume Tenant's interest in the Lease in accordance with Paragraph 2.

4. Termination or Expiration.

- (a) Upon the expiration or termination of the Franchise Agreement, 9Round has the right (but not the obligation) to unilaterally assume Tenant's interest in the Lease in accordance with Paragraph 2.
- (b) Upon the expiration or termination of the Lease, if 9Round does not assume Tenant's interest in the Lease, Landlord agrees to cooperate and allow 9Round to enter the Premises, without cost and without being guilty of trespass or any other crime or tort and without incurring any liability to Landlord, to remove all signs and all other items identifying the Premises as a 9Round Center and to make such other modifications as are reasonably necessary to protect the marks and system, and to distinguish the Premises from 9Round Centers. As of the date of this Addendum, the modifications include, without limitation, the following: removal of any items or signs internally or externally bearing the Marks, removal of daily workout screens and associated brackets, removal of any items or signage or awnings bearing "First Workout Free," removal of any brick wall or faux brick wall covering, repainting or recovering of interior walls to remove any red wall covering, replacing any red floor coverings, removal of numbered signage over workout stations, and refraining from referral to any workout stations as "rounds". In the event 9Round exercises its option to purchase assets of Tenant, Landlord agrees to permit 9Round to remove all such assets being purchased by 9Round. Landlord agrees not to assert a lien or priority on any items or property which are necessary to remove from the Premises for de-identification of the Premises.

5. Consideration; No Liability.

- (a) Landlord acknowledges that the provisions of this Addendum are required pursuant to the Franchise Agreement and that Tenant may not lease the Premises without this Addendum.
- (b) Landlord acknowledges that Tenant is not an agent or employee of 9Round and Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind 9Round or any affiliate of 9Round and that Landlord has entered into this Addendum with full understanding that it creates no duties, obligations, or liabilities of or against 9Round or any affiliate of 9Round.
- (c) Nothing contained in this Addendum makes 9Round or its affiliates a party or guarantor to the Lease, and does not create any liability or obligation of 9Round or its affiliates.

6. Modification. No amendment or variation of the terms of this Addendum is valid unless made in writing and signed by the parties and the parties have obtained 9Round's written consent.

7. Reaffirmation of Lease. Except as amended or modified by this Addendum, all terms, conditions, and covenants of the Lease remain in full force and effect.

8. Miscellaneous.

- (a) 9Round is a third-party beneficiary of this Addendum, with independent rights of enforcement.
- (b) References to the Lease and to the Franchise Agreement include all amendments, addenda, extensions, and renewals to the documents.
- (c) References to Landlord, Tenant, and 9Round include the successors and assigns of each of the parties.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date written above.

TENANT:

LANDLORD:

---

---

Agreed and Acknowledged by  
9ROUND FRANCHISING, LLC:

\_\_\_\_\_  
Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Attachment F to the Franchise Agreement**  
**TELEPHONE NUMBER ASSIGNMENT AGREEMENT**

THIS TELEPHONE ASSIGNMENT AGREEMENT by and between the franchisee identified below (the “**Franchisee**”) and 9Round Franchising, LLC (hereinafter “**9Round**”).

**BACKGROUND:**

- A. 9Round has developed and owns the proprietary system (the “**System**”) for the operation of a boxing and kickboxing center under the trademark and logo 9ROUND (the “**Center**”);
- B. Franchisee has been granted a franchise to operate a Center pursuant to a Franchise Agreement and in accordance with the System;
- C. In order to operate its Center, the Franchisee will be acquiring one or more telephone numbers, telephone listings and telephone directory advertisements; and
- D. As a condition to the execution of the Franchise Agreement, 9Round has required that the Franchisee collaterally assign all of its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements to the 9Round in the event of expiration or termination of the Franchise Agreement.

**AGREEMENT**

In consideration of the foregoing, the mutual premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

- 1. Assignment. In the event of expiration or termination of the Franchise Agreement, and in order to secure continuity and stability of the operation of the Center, Franchisee hereby sells, assigns, transfers and conveys to the 9Round all of its rights, title and interest in and to all telephone numbers, telephone listings and telephone directory advertisements used in connection with the operation of the Center; provided, however, such Assignment will not be effective unless and until the Franchise Agreement has expired or is terminated in accordance with the provisions thereof and 9Round has delivered to Franchisee written notice of acceptance of the assignment. In the event of such assignment, 9Round assumes no liability for monies owed or other liabilities relating to the telephone numbers, telephone listings, and telephone directory advertisements that have accrued prior to the effective date of the assignment.

Franchisee hereby grants to 9Round an irrevocable power of attorney and appoint 9Round as your attorney-in-fact to take any necessary actions to assign the telephone numbers, including but not limited to, executing any forms that the telephone companies may require to effectuate the assignment. This assignment is also for the benefit of the telephone companies, and Franchisee agrees that the telephone companies may accept this assignment and 9Round’s instructions as conclusive evidence of its rights in the telephone numbers and our authority to direct the amendment, termination or transfer of the telephone numbers, as if they had originally been issued to 9Round. In addition, Franchisee agrees to hold the telephone companies harmless from any and all claims against them arising out of any actions or instructions by 9Round regarding the assignment contemplated in this Assignment.

- 2. Representation and Warranties of the Franchisee. Franchisee hereby represents, warrants and covenants to the 9Round that: (a) As of the effective date of the Assignment, all of Franchisee’s obligations and indebtedness for telephone, telephone listing services and telephone directory advertisement services will be paid and current; (b) As of the date hereof, Franchisee has full power and legal right to enter into, execute, deliver and perform this Agreement; (c) This Agreement is a legal and binding obligation of Franchisee, enforceable in accordance with the terms hereof; (d) The execution, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which Franchisee is a party or by which Franchisee is bound, and no consent of

nor approval by any third party is required in connection herewith; and (e) Franchisee has the specific power to assign and transfer its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements, and Franchisee has obtained all necessary consents to this Assignment.

3. Cancellation. Notwithstanding the foregoing, 9Round may, in its sole discretion and at any time prior to effectiveness of the assignment, declare this Agreement and the assignment contemplated hereunder null and void.

4. Miscellaneous. The validity, construction and performance of this Assignment is governed by the laws of the State of South Carolina. All agreements, covenants, representations and warranties made herein will survive the execution hereof. All rights of the 9Round inure to its benefit and to the benefit of its successors and assigns.

IN WITNESS WHEREOF, each of the parties has executed this Assignment as of the Effective Date of the Franchise Agreement.

**FRANCHISEE:** (For an entity)

Name of Entity: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:** (For an individual)

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISOR:** 9ROUND FRANCHISING,  
LLC

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## Attachment G to the Franchise Agreement

### MEMBERSHIP CONTRACT ASSIGNMENT AGREEMENT

THIS MEMBERSHIP CONTRACT ASSIGNMENT AGREEMENT by and between the franchisee identified below (the “**Franchisee**”) and 9Round Franchising, LLC (hereinafter “**9Round**”).

#### BACKGROUND:

- A. 9Round has developed and owns the proprietary system (the “**System**”) for the operation of a boxing and kickboxing center under the trademark and logo 9ROUND (the “**Center**”);
- B. Franchisee has been granted a franchise to operate a Center pursuant to a certain Franchise Agreement and in accordance with the System;
- C. During the term of the franchise, Franchisee will be entering into membership contracts with Center members permitting them access to the Center facilities and, where applicable, to on-demand streaming services (the “**Membership Contracts**”); and
- D. As a condition to the execution of the Franchise Agreement, 9Round has required that Franchisee collaterally assign all of its right, title and interest in the Membership Contracts to 9Round in the event of expiration or termination of the Franchise Agreement;

#### AGREEMENT

In consideration of the foregoing, the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

- 1. Assignment. In the event of expiration or termination of the Franchise Agreement, and in order to secure continuity and stability of the operation of the Center, Franchisee hereby sells, assigns, transfers and conveys to the 9Round all of its rights, title and interest in and to all Membership Contracts; provided, however, such Assignment will not be effective unless and until the Franchise Agreement has expired or is terminated in accordance with the provisions thereof and 9Round has delivered to Franchisee written notice of its acceptance of the assignment. In the event of such assignment, 9Round will assume no liability for monies owed or other liabilities relating to the Membership Contracts that have accrued prior to the effective date of the assignment.
- 2. Representation and Warranties of the Franchisee. Franchisee hereby represents, warrants and covenants to 9Round that:
  - (a) As of the effective date of the Assignment, all of Franchisee’s obligations under the Memberships Contracts have been satisfied;
  - (b) As of the date hereof, Franchisee has full power and legal right to enter into, execute, deliver and perform this Agreement;
  - (c) This Agreement is a legal and binding obligation of Franchisee, enforceable in accordance with the terms hereof;
  - (d) The execution, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which Franchisee is a party or by which Franchisee is bound, and no consent of nor approval by any third party is required in connection herewith; and
  - (e) Franchisee has the specific power to assign and transfer its right, title and interest in its Membership Contracts and Franchisee has obtained all necessary consents to this Assignment.

3. Cancellation. Notwithstanding the foregoing, 9Round may, in its sole discretion and at any time prior to effectiveness of the assignment, declare this Agreement and the assignment contemplated hereunder null and void.

4. Miscellaneous. The validity, construction and performance of this Assignment is governed by the laws of the State of South Carolina. All agreements, covenants, representations and warranties made herein will survive the execution hereof. All rights of the 9Round inure to its benefit and to the benefit of its successors and assigns.

IN WITNESS WHEREOF, each of the parties has executed this Assignment as of the Effective Date of the Franchise Agreement.

**FRANCHISEE:** (For an entity)

Name of Entity: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:** (For an individual)

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISOR:** 9ROUND FRANCHISING,  
LLC

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## Attachment H to the Franchise Agreement

### STEP UP PROGRAM ADDENDUM

This Step up Program Addendum (“**Step Up Program Addendum**”) is made between 9Round Franchising, LLC, a South Carolina limited liability company with its principal business located at 847 NE Main Street, Simpsonville, South Carolina 29681 (“**we**”, “**us**”, or “**our**”), and the Franchisee identified on the Summary Page (“**you**” or “**your**”), to be effective on the Effective Date identified on the Summary Page of this Agreement, as defined below.

#### RECITALS

A. Franchise Agreements.

(i) You, your Affiliate, or one or more of your Owners, are a party to the following franchise agreement(s) (the “**Existing Franchise Agreement(s)**”):

<i>Existing Franchise Agreement No.</i>	<i>Existing Franchise Agreement Effective Date</i>	<i>Existing Franchise Agreement Expiration Date</i>	<i>Center Address</i>

(ii) Contemporaneously with the execution of this Step Up Program Addendum, you are entering into:

☐ 2nd Franchise Agreement for an initial franchise fee of \$~~15,000~~19,900, or  
☐ 3rd Franchise Agreement for an initial franchise fee \$~~15,000~~14,900, or  
☐ 4th and each additional Franchise Agreement for an initial franchise fee of \$~~15,000~~14,900,

9ROUND then-current franchise agreement (the “**Franchise Agreement**”) pursuant to our Step Up Program to develop and operate an additional new Center.

B. The Center licensed under the Franchise Agreement constitutes the “**Development Center**”.

C. The parties mutually desire enter into this Step Up Program Addendum in order to clarify certain obligations under the Franchise Agreement, as they relate to the Development Center.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

#### AGREEMENT

1. Definitions. Capitalized terms will have the meanings ascribed to them in the Franchise Agreement unless otherwise defined herein. The term “**this Agreement**” refers to the Franchise Agreement modified by this Addendum.

2. Initial Franchise Fee. The initial franchise fees applicable to the second Development Center Franchise Agreement will be \$~~15,000~~19,900, the initial franchise fee applicable to the third Development Center Franchise Agreement will be \$~~15,000~~14,900, and the initial franchise fee applicable to the fourth and each additional Development Center Franchise Agreement thereafter will be \$~~15,000~~14,900.

3. Opening Schedule. With respect to the Development Center, and for the avoidance of doubt, the site selection and opening timelines stated in this Agreement apply.



4. Failure to Meet Opening Schedule. If any deadline in Section 3 above is not met and if the Development Center developed under this Agreement is not open and operating at the time of the failure, we may, at our sole and unilateral option, **(i)** terminate this Agreement; and **(ii)** amend this Agreement to eliminate the designated protection afforded by Sections 2.B. and 2.C. of this Agreement.

5. Initial Training. As you are an existing Franchisee of the System, the Franchisor will act in good faith when determining the training requirements set forth under Section 7.B. of this Agreement. For the avoidance of doubt, the forgoing does not alter any Ongoing Training requirements, which the parties have agreed are subject to change.

6. Ratification. All other terms and conditions of this Agreement are hereby ratified and confirmed.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISEE:** (For an entity)

Name of Entity: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISOR:** 9ROUND FRANCHISING,  
LLC

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:** (For an individual)

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

**Attachment I to the Franchise Agreement**  
**9ROUND**  
**ASSIGNMENT AND CONSENT AGREEMENT**  
**(Individual to Entity)**

THIS ASSIGNMENT AND CONSENT AGREEMENT is made and entered into on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_ (the “**Effective Date**”), by and among:

- **9Round Franchising, LLC**, a South Carolina limited liability company with its principal address at **847 NE Main Street, Simpsonville, SC 29681** (“**Franchisor**”);
- \_\_\_\_\_, address at \_\_\_\_\_ (“**Owner**”); and
- \_\_\_\_\_, a \_\_\_\_\_ with its principal address at \_\_\_\_\_ (“**New Entity**”).

**RECITALS**

- A. Owner, in his or her individual capacity, and Franchisor entered into a Franchise Agreement dated \_\_\_\_\_ (“**Franchise Agreement**”), pursuant to which Owner was granted the right to operate a 9Round Center with a Preliminary Designated Area of \_\_\_\_\_ (the “**Center**”).
- B. Owner has formed New Entity for the purpose of operating the Center and desires to assign the Franchise Agreement to New Entity. Under the terms of the Franchise Agreement, Franchisor must consent in writing to the assignment.
- C. Franchisor is willing to consent to the assignment on the terms and conditions set forth in this Agreement.

THEREFORE, the parties agree as follows:

**AGREEMENT**

1. **Assignment and Assumption.** Owner assigns to New Entity all right, title, and interest in and to the Franchise Agreement and Center. New Entity unconditionally assumes and accepts the assignment of the Franchise Agreement and Center, and agrees to be bound by all the duties, obligations, and liabilities of Existing Entity under the Franchise Agreement.
2. **Representations and Ownership.** Owner and New Entity represent and warrant to Franchisor that they have completed all documentation and transactions necessary to transfer the Franchise Agreement and Center to New Entity. New Entity represents and warrants to Franchisor that the following individuals are the owners of New Entity:

<b>Name of Owner</b>	<b>Percentage of Ownership in New Entity (total must equal 100%)</b>
	%
	%
	%
<b>Total</b>	<b>100%</b>

3. Personal Guaranty. Owner, as Personal Guarantor under the Franchise Agreement and as owner of New Entity, must execute the personal guaranty attached as Exhibit A to this Agreement (the “**Personal Guaranty**”).
4. Corporate Guaranty. New Entity must execute the corporate guaranty attached as Exhibit B to this Agreement (the “**Corporate Guaranty**”).
5. Consent to Assignment. Franchisor hereby waives its right of first refusal and any option to purchase the Business in connection with this transaction and consents to the assignment to New Entity, subject to all the terms and conditions of this Agreement. Franchisor’s consent to the assignment is not a waiver of any rights or a release under the Franchise Agreement and is not a consent to any additional or subsequent assignments or transfers.
6. Miscellaneous. All capitalized terms not defined in this Agreement have the respective meanings set forth in the Franchise Agreement. This Agreement, and the documents referred to herein, represent the entire agreement among the parties respecting the subject matter hereof. No amendment will be binding unless in writing and signed by the party against whom enforcement is sought. If New Entity consists of more than one individual or entity, their liability under this Agreement will be joint and several.
7. Counterparts. This Agreement may be executed by the parties in counterparts, and delivered by e-mail or facsimile, each of which shall be deemed to be an original instrument, but all of which together shall constitute one and the same instrument.
8. Electronic Signatures. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as handwritten signatures.

Electronic signature means any electronic sound, symbol, or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record.

[Signature Page to Follow]

**OWNER:**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**NEW ENTITY:**

Name of Entity: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISOR:**

9ROUND FRANCHISING, LLC

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## EXHIBIT A

### PERSONAL GUARANTY AND AGREEMENT TO BE BOUND PERSONALLY BY THE TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT

1. I have read the Franchise Agreement between 9ROUND FRANCHISING, LLC (the “**Franchisor**”) and \_\_\_\_\_ (the “**Franchisee**”). Capitalized terms will have the meanings ascribed to them in the Franchise Agreement unless otherwise defined herein.
2. I recognize that this is a separate agreement from the Franchise Agreement, and I will read, consider, and sign this as such.
3. I own or my spouse owns, as the case may be, a beneficial interest in the Franchisee and would be considered an “**Owner**” within the definition contained in the Franchise Agreement.
4. I understand that, were it not for this Personal Guaranty and Undertaking (the “**Guaranty**”), Franchisor would not have entered into the Franchise Agreement with Franchisee.
5. This Guaranty operates to bind the individuals, and, as applicable, their spouses, associated with the entity, and as such, is meant to bind me in my individual capacity for any obligations outstanding to Franchisor.
6. If there are multiple owners of this Franchise, each signatory becomes jointly and severally liable for the obligations under the terms of the Franchise Agreement. I understand that fellow owners and I become co-guarantors.
7. Upon signature of this Guaranty, this Guaranty becomes a valid component of the Franchise Agreement and is therefore enforceable. This Guaranty is in addition to the Franchise Agreement and does not negate nor override any provisions of the Franchise Agreement.
8. I will personally comply with the provisions contained in Section 3 of the Franchise Agreement concerning the Franchisee’s use of Franchisor’s Marks (as that term is defined in the Franchise Agreement). I understand that, except for the license granted to the Franchisee, I have no individual right to use the Marks and I have no ownership interest in the Marks.
9. I will personally comply with all of the provisions contained in Section 6 of the Franchise Agreement concerning the use of the Manual and Confidential Information. I will maintain the confidentiality of all Confidential Information disclosed to me. I agree to use the Confidential Information only for the purposes authorized under the Franchise Agreement. I further agree not to disclose any of the Confidential Information, except (a) to the Franchisee’s employees on a need-to-know basis, (b) to the Franchisee’s and my legal and tax professionals to the extent necessary for me to meet my legal obligations, and (c) as otherwise may be required by law.
10. I will personally comply with all of the provisions contained in Section 11 of the Franchise Agreement concerning the transfer of my ownership interest in the Franchisee.
11. While I am an Owner of the Franchisee and, for a two (2)-year period after I cease to be an Owner (or two (2) years after termination or expiration (without renewal) of the Franchise Agreement, whichever occurs first), I will not:

(a) Divert or attempt to divert any present, prospective, or former member of any 9ROUND Center to any competitor or do anything to harm the goodwill associated with the Marks and the System; or

(b) Own, operate, lease, franchise, engage in, be connected with, have any interest in, or assist any person or entity engaged in any big-box center or club, or any fitness center, club, studio, online fitness service, or exercise facility featuring boxing, kickboxing or a circuit training program that is located at or within a twenty five (25)-mile radius of the former Authorized Location, that is located within a twenty five (25)-mile radius of any other 9ROUND Center in operation or under construction, or that is located in the Designated Area of any other 9ROUND franchisee. This time period will be tolled during any period of my noncompliance, and it may be extended at the Franchisor's sole discretion.

12. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Guaranty. If all or any portion of a covenant in this Guaranty is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which Franchisor is a party, I expressly agree to be bound by any lesser covenant included within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Guaranty.

13. I understand and acknowledge that Franchisor has the right, in its sole discretion, to reduce the scope of any covenant set forth in this Guaranty, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

14. All judicial proceedings brought against Franchisee arising out of or relating to this Guaranty, the Franchise Agreement, or any other agreements, shall be brought in accordance with applicable law provisions of the Franchise Agreement.

15. I agree that the provisions contained in Section 12 of the Franchise Agreement will apply to any dispute arising out of or relating to this Guaranty. If Franchisor brings any legal action to enforce its rights under this Guaranty, I will reimburse Franchisor its reasonable attorneys' fees and costs.

16. I hereby guarantee the prompt and full payment of all amounts owed by the Franchisee under the Franchise Agreement.

17. I will pay all amounts due under this Guaranty within fourteen (14) calendar days after receiving notice from Franchisor that the Franchisee has failed to make the required payment. I understand and agree that Franchisor need not exhaust its remedies against Franchisee before seeking recovery from me under this Guaranty.

18. No modification, change, impairment, or suspension of any of Franchisor's rights or remedies shall in any way affect any of my obligations under this Guaranty. If the Franchisee has pledged other security or if one or more other persons have personally guaranteed performance of the Franchisee's obligations, I agree that Franchisor's release of such security will not affect my liability under this Guaranty.

19. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE.**

20. I understand that Franchisor's rights under this Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law.

21. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one (1) business day after electronically confirmed transmission by facsimile or other electronic system; one (1) business day after delivery by Express Mail or other recognized, reputable overnight courier; or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to Franchisor written notice of the change.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Guaranty will inure to the benefit of my successors and assigns.

Intending to be legally bound, I have executed this Guaranty on the date set forth below.

FRANCHISEE: \_\_\_\_\_ (insert name of entity)

DATE: \_\_\_\_\_

**PERSONAL GUARANTORS:**

\_\_\_\_\_  
Individually

\_\_\_\_\_  
Individually

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

\_\_\_\_\_  
City State Zip Code

\_\_\_\_\_  
City State Zip Code

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Telephone

## EXHIBIT B

### CORPORATE GUARANTY

Contemporaneous with the execution of this Corporate Guaranty, \_\_\_\_\_ (“**Franchisee**”) is entering into a franchise agreement (“**Franchise Agreement**”) with 9ROUND FRANCHISING, LLC (“**Franchisor**”) for the operation of a 9Round franchised business at \_\_\_\_\_ (“**Center**”).

The undersigned (“**Guarantor**”) controls, is controlled by, or is under common control with Franchisee, and will receive a material benefit from Franchisee’s operations of the Center under the Franchise Agreement.

In consideration for such material benefit, and as an inducement for Franchisor to consent to assignment of the Franchise Agreement, and for other good and valuable consideration, the undersigned, for itself and its successors and assigns, hereby becomes surety and guarantor for the payment of all amounts and the performance of terms and conditions in the Franchise Agreement, to be paid, kept and performed by the franchisee, including without limitation the dispute resolution provisions of the Agreement.

The undersigned acknowledges that, were it not for this guaranty, Franchisor would not have agreed to enter into the Franchise Agreement with Franchisee.

The undersigned waives: (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right he/she may have to require that an action be brought against the franchisee or any other person as a condition of liability.

In addition, the undersigned consents and agrees that: (1) the undersigned’s liability will not be contingent or conditioned upon our pursuit of any remedies against the franchisee or any other person; (2) such liability will not be diminished, relieved or otherwise affected by franchisee’s insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Franchise Agreement, or the amendment or extension of the Franchise Agreement with or without notice to the undersigned; and (3) Franchisor may deduct any amounts owed by Franchisee from the monies Guarantor’s billing and payment processor collects on its behalf and Guarantor hereby authorizes the billing and payment processor to deduct such amounts and to pay those amounts to Franchisor.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this guaranty will inure to the benefit of our successors and assigns.

[Signature Page to Follow]



**GUARANTOR:**

Name of Entity: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ACKNOWLEDGED BY FRANCHISEE:**

Name of Entity: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## Attachment J to the Franchise Agreement

### FRANCHISE RESALE AMENDMENT

This Franchise Resale Amendment (the “**Amendment**”) is made between 9Round Franchising, LLC, a South Carolina limited liability company with its principal business located at 847 NE Main Street, Simpsonville, South Carolina 29681 (“**9Round**”), and the Franchisee identified on the Summary Page (the “**Franchisee**” or “**you**”) (each a “**Party**” and collectively referred to as the “**Parties**”), to be effective on the Effective Date identified on the Summary Page of the Franchise Agreement, as defined below.

#### BACKGROUND

A. You are purchasing a 9Round Center from an existing 9Round franchisee (“**Existing Franchisee**”) who is a party to a certain franchise agreement with an effective date of \_\_\_\_\_ (the “**Original Franchise Agreement**”), pursuant to which Existing Franchisee was granted the right to develop and operate a 9Round Center located at \_\_\_\_\_, and identified by 9Round number \_\_\_\_\_.

B. The Parties and Existing Franchisee have entered into a certain consent to transfer agreement (the “**Consent to Transfer**”) whereby 9Round and Existing Franchisee mutually agreed and consented to transfer and assign all right, title, and interest in the 9Round Center, including the franchise rights, to you and you accepted the assignment and shall assume all of the duties, obligations, and liability of Existing Franchisee thereunder, and furthermore, that 9Round and Existing Franchisee mutually agreed and consented to terminate the Original Franchise Agreement subject to the terms of the Consent to Transfer.

C. Simultaneously with this Amendment, the Parties are entering into a franchise agreement (the “**Franchise Agreement**”) whereby Franchisee has applied for a right to operate a Center using the Systems and Marks.

D. The Parties mutually desire for the Franchise Agreement to be amended to reflect that the Center has been developed and is operating subject to the provisions in this Amendment.

E. Franchisor has the right to require Franchisee to make updates to the appearance of the Center, as are more fully set forth in the Franchise Agreement, and Franchisee agrees to make certain specific updates to the Center according to the timeframe set forth in this Amendment.

In consideration of the foregoing and the mutual premises contained in this Amendment and other valuable consideration in receipt and sufficiently of which is hereby acknowledged, the Parties agree as follows:

#### AGREEMENT

1. Definitions. Capitalized terms will have the meanings ascribed to them in the Franchise Agreement unless otherwise defined herein.

2. The Franchise Agreement is amended as follows:

a) The Initial Franchise Fee amount detailed on the Summary Page is deleted and replaced with, “ \_\_\_\_\_ ”.

**b) The Royalty Fee amount detailed on the Summary Page is reduced to \$300 or 3% of Net Sales, whichever is greater, for the initial twelve (12) months following the effective date of the Franchise Agreement. Franchisee acknowledges and agrees that following the initial twelve (12) month period following the effective date of the Franchise Agreement, the Royalty Fee will be \$600 or 6% of Net Sales, whichever is greater, per month.**

**c) Site Selection. Section 5.A. is deleted in the entirety and replaced with,**

“The parties mutually acknowledge that a site for the Center has been identified and is detailed at the Preliminary Designated Area on the Summary Page and Attachment A to the Franchise Agreement. The parties acknowledge and agree that our site approval is not an assurance that the Center will achieve a certain sales volume or level of profitability; it means only that the site met our then-current minimum site selection criteria. We assume or have assumed no liability or responsibility for (i) evaluation of the location’s soil for hazardous substances; (ii) inspection of any structure for asbestos or other toxic or hazardous materials; (iii) compliance with the ADA; or (iv) compliance with any other applicable law. It is solely your responsibility to obtain satisfactory evidence and assurances that the Center premises (and any structures thereon) is free from environmental contamination and is in compliance with the requirements of the ADA and other applicable laws.”

d) Site Selection. Section 5.A. is deleted in the entirety and replaced with,

~~“The parties mutually acknowledge that a site for the Center has been identified and is detailed at the Preliminary Designated Area on the Summary Page and Attachment A to the Franchise Agreement. The parties acknowledge and agree that our site approval is not an assurance that the Center will achieve a certain sales volume or level of profitability; it means only that the site met our then-current minimum site selection criteria. We assume or have assumed no liability or responsibility for (i) evaluation of the location’s soil for hazardous substances; (ii) inspection of any structure for asbestos or other toxic or hazardous materials; (iii) compliance with the ADA; or (iv) compliance with any other applicable law. It is solely your responsibility to obtain satisfactory evidence and assurances that the Center premises (and any structures thereon) is free from environmental contamination and is in compliance with the requirements of the ADA and other applicable laws.”~~

e) Lease. Section 5.B. deleted in the entirety and replaced with,

“If you occupy the Center premises pursuant to a Lease, the Lease or any other arrangement with a lessor must not prevent you from performing your obligations under this Agreement, including any requirements to build out or modernize the Center premises to meet our current brand standards, and the Lease and lessor must permit us to exercise our rights pursuant to this Agreement. We may condition our approval or have conditioned our approval of the site on the full execution of a Lease Addendum substantially in the form attached as Attachment E to this Agreement. You may not execute a Lease without the Lease Addendum, except with our prior written consent. You must deliver to us a fully executed copy of the Lease as amended by the Lease Addendum for the Center within ten (10) days after its execution or within ten (10) days after the Effective Date of this Agreement, whichever occurs first. The parties acknowledge and agree that our approval of a Lease does not mean that the economic terms of the Lease are favorable; it means only that the Lease contains the minimum lease terms that we require.”

de) Construction. Section 5.C., second sentence, is amended to insert and commence with, “At our request,”.

ef) Opening. Section 5.D. is deleted in the entirety and replaced with,

“The parties mutually acknowledge that the Center is open and operating.”

fg) Initial Training. Section 7.B., third sentence, “prior to opening” is deleted and replaced with, “within a period of time as specified by us after the Effective Date of this Agreement”.

All other provisions of Section 7.B of the Franchise Agreement remain unaltered.

For the avoidance of doubt, the forgoing does not alter any Ongoing Training requirements detailed in the Franchise Agreement, which the Parties have agreed are subject to change.

3. Upgrade of Center Equipment and Appearance. Upon successful transfer and assignment of the Center to Franchisee under the terms of and as defined in that certain Consent to Transfer, Franchisee agrees to purchase and install all items necessary for the upgrade and modernization of the Center to meet all then-current brand standards for new 9Round franchisees. **Franchisee acknowledges that prior to execution of this Amendment, Franchisor has provided Franchisee with its list of items (and good faith estimated itemized prices) necessary to comply with Franchisor's then-current brand standards.**

**Franchisee Initial:** \_\_\_\_\_

Within thirty (30) days after the initial in-person coaching field visit at the Center, Franchisor will provide to Franchisee a location specific current brand standards list that includes the items necessary for installation in the Center, with a good faith pricing estimate, along with the date by when Franchisee must complete the necessary installations, to bring the Center up to then-current brand standards, and, at such time, the parties may execute a '9ROUND Brand Standards Addendum' that appends the location specific brand standards list. Franchisor has the right to request proof of Franchisee's compliance with this requirement in a form acceptable to Franchisor. **Franchisee acknowledges that Franchisor is not responsible or liable for any of Franchisee's modernization obligations, losses, or expenses Franchisee might incur for Franchisee's failure to comply with these obligations.** Franchisor is also entitled to injunctive relief or specific performance under Section 12.B. of the Franchise Agreement for Franchisee's failure to comply with Franchisee's obligations. Further, if Franchisee fails to comply with its modernization obligations, Franchisor may, in its sole and unilateral judgment, exercise its termination rights in accordance with Section 13.

4. Entire Agreement. This Amendment represents the fully integrated and complete agreement between the Parties and supersedes all other negotiations, agreements, representations, and covenants, oral or written.

5. Conflicting Terms. In the event of a conflict between the terms of the Franchise Agreement and this Amendment, the terms of this Amendment will control.

6. Affirmation. The Parties hereby ratify and affirm all provisions of the Franchise Agreement.

Each of the undersigned hereby acknowledges having read and understood this Amendment and consents to be bound by all of its terms.

**FRANCHISEE:** (For an entity)

Name of Entity: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:** (For an individual)

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISOR:** 9ROUND FRANCHISING,  
LLC

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## Attachment K to the Franchise Agreement

### FRANCHISE RESALE AMENDMENT

This Franchise Resale Amendment (the “**Amendment**”) is made between 9Round Franchising, LLC, a South Carolina limited liability company with its principal business located at 847 NE Main Street, Simpsonville, South Carolina 29681 (“**9Round**”), and the Franchisee identified on the Summary Page (the “**Franchisee**” or “**you**”) (each a “**Party**” and collectively referred to as the “**Parties**”), to be effective on the Effective Date identified on the Summary Page of the Franchise Agreement, as defined below.

#### **BACKGROUND**

A. You are purchasing a 9Round Center from an existing 9Round franchisee (“**Existing Franchisee**”) who is a party to a certain franchise agreement with an effective date of \_\_\_\_\_ (the “**Original Franchise Agreement**”), pursuant to which Existing Franchisee was granted the right to develop and operate a 9Round Center located at \_\_\_\_\_, and identified by 9Round number \_\_\_\_\_.

B. The Parties and Existing Franchisee have entered into a certain consent to transfer agreement (the “**Consent to Transfer**”), whereby 9Round and Existing Franchisee mutually agreed and consented to transfer and assign all right, title, and interest in the 9Round Center, including the franchise rights, to you and you accepted the assignment and assumed all of the duties, obligations, and liability of Existing Franchisee thereunder, and furthermore, that 9Round and Existing Franchisee mutually agreed and consented to terminate the Original Franchise Agreement subject to the terms of the Consent to Transfer.

C. Simultaneously with this Amendment, the Parties are entering into a franchise agreement (the “**Franchise Agreement**”) whereby Franchisee has applied for a right to operate a Center using the Systems and Marks.

D. The Parties mutually desire for the Franchise Agreement to be amended to reflect that the Center has been developed and is operating subject to the provisions in this Amendment.

F. Franchisor has the right to require Franchisee to make updates to the appearance of the Center, as are more fully set forth in the Franchise Agreement, and Franchisee agrees to make certain specific updates to the Center according to the timeframe set forth in this Amendment.

In consideration of the foregoing and the mutual premises contained in this Amendment and other valuable consideration in receipt and sufficiently of which is hereby acknowledged, the Parties agree as follows:

#### **AGREEMENT**

1. Definitions. Capitalized terms will have the meanings ascribed to them in the Franchise Agreement unless otherwise defined herein.

2. The Franchise Agreement is amended as follows:

a) The Initial Franchise Fee amount detailed on the Summary Page is deleted and replaced with, “ \_\_\_\_\_ ”.

~~b) The Royalty Fee amount detailed on the Summary Page is reduced to \$300 or 3% of Net Sales, whichever is greater, for the initial twelve (12) months following the effective date of the Franchise Agreement. Franchisee acknowledges and agrees that following the initial twelve (12) month period following the effective date of the Franchise Agreement, the Royalty Fee will be \$600 or 6% of Net Sales, whichever is greater, per month.~~

c) Site Selection. Section 5.A. is deleted in the entirety and replaced with,

“The parties mutually acknowledge that a site for the Center has been identified and is detailed at the Preliminary Designated Area on the Summary Page and Attachment A to the Franchise Agreement. The parties acknowledge and agree that our site approval is not an assurance that the Center will achieve a certain sales volume or level of profitability; it means only that the site met our then-current minimum site selection criteria. We assume or have assumed no liability or responsibility for (i) evaluation of the location’s soil for hazardous substances; (ii) inspection of any structure for asbestos or other toxic or hazardous materials; (iii) compliance with the ADA; or (iv) compliance with any other applicable law. It is solely your responsibility to obtain satisfactory evidence and assurances that the Center premises (and any structures thereon) is free from environmental contamination and is in compliance with the requirements of the ADA and other applicable laws.”

~~d)~~ Site Selection. Section 5.A. is deleted in the entirety and replaced with,

~~“The parties mutually acknowledge that a site for the Center has been identified and is detailed at the Preliminary Designated Area on the Summary Page and Attachment A to the Franchise Agreement. The parties acknowledge and agree that our site approval is not an assurance that the Center will achieve a certain sales volume or level of profitability; it means only that the site met our then-current minimum site selection criteria. We assume or have assumed no liability or responsibility for (i) evaluation of the location’s soil for hazardous substances; (ii) inspection of any structure for asbestos or other toxic or hazardous materials; (iii) compliance with the ADA; or (iv) compliance with any other applicable law. It is solely your responsibility to obtain satisfactory evidence and assurances that the Center premises (and any structures thereon) is free from environmental contamination and is in compliance with the requirements of the ADA and other applicable laws.”~~

~~e)~~ Lease. Section 5.B. is deleted in the entirety and replaced with,

“If you occupy the Center premises pursuant to a Lease, the Lease or any other arrangement with a lessor must not prevent you from performing your obligations under this Agreement, including any requirements to build out or modernize the Center premises to meet our current brand standards, and the Lease and lessor must permit us to exercise our rights pursuant to this Agreement. We may condition our approval or have conditioned our approval of the site on the full execution of a Lease Addendum substantially in the form attached as Attachment E to this Agreement. You may not execute a Lease without the Lease Addendum, except with our prior written consent. You must deliver to us a fully executed copy of the Lease as amended by the Lease Addendum for the Center within ten (10) days after its execution or within ten (10) days after the Effective Date of this Agreement, whichever occurs first. The parties acknowledge and agree that our approval of a Lease does not mean that the economic terms of the Lease are favorable; it means only that the Lease contains the minimum lease terms that we require.”

~~de)~~ Construction. Section 5.C., second sentence, is amended to insert and commence with, “At our request,”.

~~ef)~~ Opening. Section 5.D. is deleted in the entirety and replaced with,

“The parties mutually acknowledge that the Center is open and operating.”

~~fg)~~ Initial Training. Section 7.B., third sentence, is deleted and replaced with, “Specifically, within a period of time as specified by us after the Effective Date of this Agreement, we may require that you re-attend our initial training program and complete the training to our satisfaction and failure to do so will be considered a breach of the Agreement under Section 13.A.”.

All other provisions of Section 7.B of the Franchise Agreement remain unaltered.

For the avoidance of doubt, the forgoing does not alter any Ongoing Training requirements detailed in the Franchise Agreement, which the Parties have agreed are subject to change.

3. Upgrade of Center Equipment and Appearance. Upon successful transfer and assignment of the Center to Franchisee under the terms of and as defined in that certain Consent to Transfer, Franchisee agrees to purchase and install all items necessary for the upgrade and modernization of the Center to meet all then-current brand standards for new 9Round franchisees. **Franchisee acknowledges that prior to execution of this Amendment, Franchisor has provided Franchisee with its list of items (and good faith estimated itemized prices) necessary to comply with Franchisor's then-current brand standards.**

Franchisee Initial: \_\_\_\_\_

Within either, i) thirty (30) days after an in-person coaching field visit at the Center, or ii) thirty (30) days after Franchisor receives a sufficient walk-through video of the Center, Franchisor will provide to Franchisee a location specific current brand standards list that includes the items necessary for installation in the Center, with a good faith pricing estimate, along with the date by when Franchisee must complete the necessary installations, to bring the Center up to then-current brand standards, and, at such time, the parties may execute a '9ROUND Brand Standards Addendum' that appends the location specific brand standards list. Franchisor has the right to request proof of Franchisee's compliance with this requirement in a form acceptable to Franchisor. Franchisee acknowledges that Franchisor is not responsible or liable for any of Franchisee's modernization obligations, losses, or expenses Franchisee might incur for Franchisee's failure to comply with these obligations. Franchisor is also entitled to injunctive relief or specific performance under Section 12.B. of the Franchise Agreement for Franchisee's failure to comply with Franchisee's obligations. Further, if Franchisee fails to comply with its modernization obligations, Franchisor may, in its sole and unilateral judgment, exercise its termination rights in accordance with Section 13.

4. Entire Agreement. This Amendment represents the fully integrated and complete agreement between the Parties and supersedes all other negotiations, agreements, representations, and covenants, oral or written.

5. Conflicting Terms. In the event of a conflict between the terms of the Franchise Agreement and this Amendment, the terms of this Amendment will control.

6. Affirmation. The Parties hereby ratify and affirm all provisions of the Franchise Agreement.

Each of the undersigned hereby acknowledges having read and understood this Amendment and consents to be bound by all of its terms.

**FRANCHISEE:** (For an entity)

**FRANCHISEE:** (For an individual)

Name of Entity: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_



**FRANCHISOR:** 9ROUND FRANCHISING,  
LLC

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Attachment A to the Amendment**  
**Franchise Agreement**

## FRANCHISEE ACKNOWLEDGMENT

As you know, you and we are entering into a Franchise Agreement for the operation of a 9ROUND franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

For franchises sold in the State of Washington and for the purpose of complying with Washington statutes and regulations: this Acknowledgment does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

MARYLAND PROSPECTIVE FRANCHISEES: do not sign this Questionnaire if you are a Maryland resident, or the franchise is to be located in Maryland.

### Acknowledgments and Representations.\*

1. Did you receive a copy of our disclosure document at least 14 calendar days before signing the Franchise Agreement? Check one: ☐ Yes. ☐ No.
2. Have you studied and reviewed carefully our disclosure document and Franchise Agreement? Check one: ☐ Yes. ☐ No.
3. Is the name, address and phone number of any broker and each of our employees or representatives who was involved in offering you this franchise listed on the disclosure document receipt you signed (or on any updated receipt we provided to you)? Check one: ☐ Yes. ☐ No.
4. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise, meaning that any prior oral or written statements not included in the Franchise Agreement or our disclosure document will not be binding? Check one: ☐ Yes. ☐ No.
5. Do you understand that the success or failure of your business will depend in large part on your skills and experience, your business acumen, your location, the local market for products, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Check one: ☐ Yes. ☐ No.
6. Do you understand that the franchise is granted for the right to operate the business at the Approved Location and that your Designated Area may overlap with the Designated Area of another franchisee? Check one: ☐ Yes. ☐ No.
7. Do you understand that the Franchise Agreement restricts us only from operating or granting others the right to operate a 9Round Center physically located in your Designated Area, but that we and our affiliates may operate and grant similar or competitive businesses in your Designated Area under a different name? Check one: ☐ Yes. ☐ No.
8. Do you understand that we have the right to offer, sell or distribute items such as workout and training videos, equipment, athletic gear, etc., associated with the System (now or in the future) or identified by the Marks, or any other trademarks, service marks or trade names, through any distribution channels or methods (including retail stores, mail order, wholesale, the internet, or any other existing or future form of electronic commerce) in your Designated Area, and that you are not entitled to any compensation on account of the sales? Check one: ☐ Yes. ☐ No.
9. Do you understand that we have the right to provide and license third parties to provide the 9ROUND workout program, and other ancillary programs developed by or for us or our affiliates, at host locations

(such as apartments, condo associations, corporate office buildings, schools, community centers and other gyms and fitness centers) in your Designated Area? Check one: ☐ Yes. ☐ No.

10. Do you understand that your territorial protection excludes “Special Sites” in your Designated Area such as (1) military bases; (2) public transportation facilities, including, without limitation, airports, limited access highway travel plazas, and other transportation terminals; (3) sports facilities, including race tracks; (4) student unions or other similar buildings on college or university campuses; (5) hotels, resorts or similar short-term lodging; (6) apartment or condominium complexes; and (7) corporate office buildings or office parks, and that we may operate and grant others the right to operate 9ROUND Centers at Special Sites in your Designated Area? Check one: ☐ Yes. ☐ No.
11. Do you understand that if you fail to secure a site or open a 9ROUND Center by the deadlines in the Franchise Agreement, your Designated Area protection and reservation can be removed by us and we may authorize another franchisee to locate in that area? Check one: ☐ Yes. ☐ No.
12. Do you understand that we or our affiliates may be the only approved supplier for certain products, that you will pay the then-current price in effect for the approved products and other goods and products you receive from us and our affiliates, and that that we may make a profit on those items? Check one: ☐ Yes. ☐ No.
13. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in Section 10 and that an injunction is an appropriate remedy to protect the interests of the System if you violate the covenant(s)? Further, do you understand that the term “you” for purposes of the non-compete covenants is defined broadly in Section 10, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement? Check one: ☐ Yes. ☐ No.

If you answered “No” to questions 1-13, please explain (attached additional sheets if necessary): \_\_\_\_\_

---

---

---

14. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the disclosure document? Check one: ☐ Yes. ☐ No.
15. Except as stated in Item 19 of our disclosure document, was any oral, written or visual claim or representation made to you which stated, suggested, predicated or projected your sales, income or profit levels? Check one: ☐ Yes. ☐ No.
16. Except as stated in Item 19 of our disclosure document, did any employee or other person speaking on our behalf make any statement or promise regarding the costs involved in operating a franchise that is not contained in the disclosure document or that is contrary to or different from the information in the disclosure document? Check one: ☐ Yes. ☐ No.

If you answered “Yes” to questions 14-16, please explain in detail the claim, representation or statement (attached additional sheets if necessary): \_\_\_\_\_

---

---

---

---

---

---

YOUR ANSWERS ARE IMPORTANT TO US AND WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

\* Such representations are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act, the Maryland Franchise Registration and Disclosure Law, or the California Franchise Investment Law or California Franchise Relations Act.

**NOTE: IF THE FRANCHISEE IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, AN OFFICER AND EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.**

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

## Sample Franchise Agreement Renewal Addendum

### RENEWAL ADDENDUM

#### TO

#### THE 9ROUND FRANCHISE AGREEMENT

This RENEWAL ADDENDUM (the “**Renewal Addendum**”) is entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “**Effective Date**”) by and between 9Round Franchising, LLC, a South Carolina limited liability company, (the “**Franchisor**”) and \_\_\_\_\_, a \_\_\_\_\_ (the “**Franchisee Principals**”) (each a “**Party**” and collectively referred to as the “**Parties**” ).

#### RECITALS

A. Franchisor and Franchisee are Parties to a 9Round franchise agreement dated \_\_\_\_\_ (the “**Original Franchise Agreement**”) pursuant to which Franchisee operates a 9Round Center located at \_\_\_\_\_ and identified by 9Round number 9R\_\_\_\_\_;

B. The Original Franchise Agreement’s initial term is set to expire on \_\_\_\_\_, and Franchisee desires to exercise its renewal option pursuant to Section 4.B. of the Original Franchise Agreement;

C. Franchisor has determined that Franchisee meets Franchisor’s criteria and qualifications to exercise the renewal option found in Section 4.B. of the Original Franchise Agreement; and,

D. Contemporaneous with the execution of this Renewal Addendum, the Parties are entering into a new franchise agreement (the “**Renewal Franchise Agreement**”) which, together with this Renewal Addendum, will govern Franchisee’s franchise rights during the renewal term.

In consideration of the mutual promises contained in the Renewal Franchise Agreement and this Renewal Addendum, the Parties agree as follows:

#### AGREEMENT

1. Definitions. Capitalized terms will have the meanings ascribed to them in the Renewal Franchise Agreement unless otherwise defined herein.

2. Signing of Current Form of Franchise Agreement. Franchisee and Franchisee Principals agree to sign the Renewal Franchise Agreement, including any exhibits, addenda, or guarantees required by Franchisor. Franchisee and Franchisee Principals acknowledge that the terms and conditions of the Renewal Franchise Agreement may be different from the terms and conditions of the Original Franchise Agreement, including with respect to fees.

3. The Renewal Franchise Agreement is amended as follows:

a. Summary Page.

i. “Initial Franchise Fee: \$ \_\_\_\_\_” is deleted in the entirety and replaced with:  
“Renewal Fee: \_\_\_\_\_”.

ii. “Preliminary Designated Area” shall be amended to read “Designated Area”.

b. Definitions. Section 1 is amended to add the following definitions:

(xxx) “**Renewal Fee**” means the nonrefundable renewal fee in the amount reflected on the Summary Page and as described at Section 9.A. of this Agreement.

- c. Grant of License. Section 2.A., first sentence, “We hereby grant you the right and license, and you undertake the obligation,” is deleted and replaced with,

“Pursuant to that certain original franchise agreement, we have granted you the right and license, and you have undertaken the obligation,”.

- d. Designated Area.

- i. Section 2.C.i. is deleted in the entirety and replaced with,

“[Intentionally Omitted]”.

- ii. Section 2.C.ii. is deleted in the entirety and replaced with,

“The boundaries of your Designated Area are reflected on Attachment A. Your Designated Area is nonexclusive, meaning that it may overlap the designated area of another franchisee. Your Designated Area will remain constant throughout the Term of this Agreement. Notwithstanding the foregoing, we may modify your Designated Area if you relocate the Center, or you renew or transfer your franchise rights.”

- e. Term. Section 4.B. is deleted in the entirety and replaced with “[Intentionally Omitted]”, the intent being that Franchisee has already exercised its one (1) ~~ten (10)~~five (5)-year renewal period.

- f. Site Selection. Section 5.A. is deleted in the entirety and replaced with,

“The parties mutually acknowledge that a site for the Center has been identified and is detailed at the Designated Area on the Summary Page and Attachment A to the Franchise Agreement. **The parties acknowledge and agree that our site approval is not an assurance that the Center will achieve a certain sales volume or level of profitability; it means only that the site met our then-current minimum site selection criteria. We assume or have assumed no liability or responsibility for (i) evaluation of the location’s soil for hazardous substances; (ii) inspection of any structure for asbestos or other toxic or hazardous materials; (iii) compliance with the ADA; or (iv) compliance with any other applicable law. It is solely your responsibility to obtain satisfactory evidence and assurances that the Center premises (and any structures thereon) is free from environmental contamination and is in compliance with the requirements of the ADA and other applicable laws.**”

- g. Lease. Section 5.B. is deleted in the entirety and replaced with,

“If you occupy the Center premises pursuant to a Lease, the Lease or any other arrangement with a lessor must not prevent you from performing your obligations under this Agreement, including any requirements to build out or modernize the Center premises to meet our current brand standards, and the Lease and lessor must permit us to exercise our rights pursuant to this Agreement. We may condition our approval or have conditioned our approval of the site on the full execution of a Lease Addendum substantially in the form

attached as Attachment E to this Agreement. You may not execute a Lease without the Lease Addendum, except with our prior written consent. You must deliver to us a fully executed copy of the Lease as amended by the Lease Addendum for the Center within ten (10) business days after its execution or within ten (10) business days after the Effective Date of this Agreement, whichever occurs first. The parties acknowledge and agree that our approval of a Lease does not mean that the economic terms of the Lease are favorable; it means only that the Lease contains the minimum lease terms that we require.”

- h. Construction. Section 5.C. second sentence is amended to insert and commence with, “At our request,”.
- i. Opening. Section 5.D. is deleted in the entirety and replaced with,  
“The parties mutually acknowledge that the Center is open and operating.”
- j. Field Visits. Section 5.H. is deleted in the entirety and replaced with,  
“Specifically, within a period of time as specified by us after the Effective Date of this Agreement, we may, at our discretion, perform in-person coaching at your Center.”
- k. Initial Training. Section 7.B. third sentence is deleted and replaced with,  
“Specifically, within a period of time as specified by us after the Effective Date of this Agreement, we may require that you re-attend our initial training program and complete the training to our satisfaction and failure to do so will be considered a breach of the Agreement under Section 13.A.”

All other provisions of Section 7.B of the Renewal Franchise Agreement remain unaltered.

For the avoidance of doubt, the forgoing does not alter any Ongoing Training requirements detailed in the Franchise Agreement, which the Parties have agreed are subject to change.

- l. Grand Opening Marketing Fee. Section 8.B. is deleted in the entirety and replaced with “[Intentionally Omitted]”, the intent being that Franchisee has already fulfilled its obligations in respect of the Grand Opening Marketing Fee.
- m. Renewal Fee.
  - i. Section 9.A. is deleted in the entirety and replaced with,  
“Renewal Fee. Upon execution of this Agreement, you must pay us a Renewal Fee in the amount set forth on the Summary Page, which is equal to twenty-five percent (25%) of our current initial franchise fee or less. The Renewal Fee is deemed fully earned upon payment in consideration for our expenses incurred and services rendered in conjunction with renewing your license and providing you with the continued right to operate the Center and is non-refundable. Failure to pay the Renewal Fee upon execution of this Agreement will result in a non-curable default of this Agreement by you, and we will have the right to terminate this Agreement immediately.”
  - ii. Section 9.B., first sentence, is amended to delete and replace “Initial Franchise Fee” with “Renewal Fee”.



- iii. Section 9.B., fourth sentence, is amended to delete and replace “Initial Franchise Fee” with “Renewal Fee”.

n. Default and Termination.

- i. Section 13.A.iii., first sentence, is amended to delete and replace “Initial Franchise Fee” with “Renewal Fee”.

4. Center Modernization. As required by Section 5.F. of the Renewal Franchise Agreement, Franchisee agrees to complete any updates and modernization to the Center to meet Franchisor’s then-current Standards for new 9Round Centers, which may include replacing fixtures, equipment, and signs, and otherwise modifying the Center so that it meets Franchisor’s then-current specifications and Standards for new 9Round Centers, including purchase and installation of all items listed on the attached spreadsheet at Exhibit A (the “**Gym Upgrade Modernization 9R\_\_\_\_\_**”). Unless otherwise agreed in writing between the Parties, the modernization must be complete within \_\_\_\_\_ calendar days of the Renewal Franchise Agreement’s Effective Date. Franchisor has the right to request proof of Franchisee’s compliance with this requirement in a form acceptable to Franchisor. Franchisee acknowledges that Franchisor is not responsible or liable for any of Franchisee’s modernization obligations, losses, or expenses Franchisee might incur for Franchisee’s failure to comply with these obligations. Franchisor is also entitled to injunctive relief or specific performance under Section 12.B. of the Renewal Franchise Agreement for Franchisee’s failure to comply with Franchisee’s obligations. Further, if Franchisee fails to comply with Franchisee’s modernization obligations, Franchisor may, in its sole and unilateral judgment, exercise its termination rights in accordance with Section 13.

5. Releases and Claims under the Original Franchise Agreement. Franchisee and Franchisee Principals acknowledge and affirm Section 14.C. of the Original Franchise Agreement, which states Franchise and Franchisee Principals may only bring claims or causes of action under the Original Franchise Agreement if done so within one (1) year from the Original Franchise Agreement’s date of termination or expiration, or during the applicable statute of limitations, whichever period is shorter. Notwithstanding the foregoing, Franchisee, and all persons and entities claiming by, through, or under Franchisee (the “**Franchisee Releasing Parties**”), hereby releases, acquits, and forever discharges, Franchisor and its present and former directors, officers, members, managers, agents, and employees, in their individual and corporate capacities (“**Franchisor Released Parties**”), from all claims, demands, accounts, actions and causes of action, costs, and attorneys’ fees, whether known or unknown, which the Franchisee Releasing Parties, or any of them, has, had, or claims to have against Franchisor Released Parties, or any of them, arising out of or relating to the Original Franchise Agreement, the relationships created thereby, or the offer or sale of the 9ROUND franchise opportunity as conceived by the Original Franchise Agreement. The Franchisee Releasing Parties covenant and agree not to commence, maintain, participate in, or prosecute any claim released under this paragraph.

6. Entire Agreement. The Renewal Franchise Agreement and this Renewal Addendum represents the fully integrated and complete agreement between the Parties and supersedes all other negotiations, agreements, representations, and covenants, oral or written.

7. Conflicting Terms. In the event of a conflict between the terms of the Renewal Franchise Agreement and this Renewal Addendum, the terms of this Renewal Addendum will control.

8. Affirmation. The Parties hereby ratify and affirm all provisions of the Renewal Franchise Agreement.

IN WITNESS WHEREOF, each of the Parties hereto has caused this Renewal Addendum to be executed by its duly authorized representative as of the Effective Date.

**FRANCHISEE:**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISOR:**

**9Round Franchising, LLC**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE PRINCIPALS:**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO THE 9ROUND FRANCHISE AGREEMENT  
FOR THE STATE OF CALIFORNIA**

This Addendum pertains to franchises sold in the State of California and is for the purpose of complying with California statutes and regulations. Even though there may be terms in the disclosure document or the Franchise Agreement to the contrary, the following provisions will apply to franchisees protected by terms of California statutes and regulations.

1. 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.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISEE:** (For an entity)

Name of Entity: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:** (For an individual)

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISOR:** 9ROUND FRANCHISING, LLC

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO THE 9ROUND FRANCHISE AGREEMENT  
FOR THE STATE OF ILLINOIS**

Illinois law shall apply and govern the Franchise Agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

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

**FRANCHISEE: (For an entity)**

Name of Entity: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE: (For an individual)**

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISOR: 9ROUND FRANCHISING, LLC**

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO 9ROUND FRANCHISE AGREEMENT FOR  
THE STATE OF MARYLAND**

Even though there may be terms in the disclosure document or the Franchise Agreement to the contrary, the following provisions will apply to franchisees protected by terms of the Maryland Franchise Registration and Disclosure Law:

1. The franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
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. Any general release required as a condition of renewal, sale, or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISEE:** (For an entity)

Name of Entity: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:** (For an individual)

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISOR:** 9ROUND FRANCHISING, LLC

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## ADDENDUM TO THE 9ROUND FRANCHISE AGREEMENT FOR THE STATE OF MINNESOTA

This Addendum pertains to franchises sold in the State of Minnesota and is for the purpose of complying with Minnesota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

1. We will undertake the defense of any claim of infringement by third parties involving the 9ROUND mark, and you will cooperate with the defense in any reasonable manner required by us with any direct cost of such cooperation to be borne by us. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subdivision. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
2. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
3. Section 13.E (Liquidated Damages), Section 15.J (Jury Waiver), and Section 15.K (Waiver of Punitive Damages) of the Franchise Agreement is deleted.
4. Section 14.C (Claims) is amended to provide that any claims arising under the Minnesota Franchise Act must be brought within three (3) years after the date the cause of action accrues.
5. No Section providing for a general release as a condition of renewal or transfer will act as a release or waiver of any liability incurred under the Minnesota Franchise Act; provided, that this part shall not bar the voluntary settlement of disputes.
6. Each provision of this Addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of Minnesota Statutes Sections 80C.01 to 80C.22 are met independently without reference to this addendum.
7. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.
8. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.
9. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subdivision. 1(g).
10. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
11. No statement, questionnaire, or ~~acknowledgment~~acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

*[Signature Pages Follows]*

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISEE:** (For an entity)

Name of Entity: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:** (For an individual)

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISOR:** 9ROUND FRANCHISING, LLC

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO THE 9ROUND FRANCHISE AGREEMENT  
FOR THE STATE OF NORTH DAKOTA**

1. The Securities Commissioner for the State of North Dakota has held that the provisions stated below in (a) through (h) are unfair, unjust, or inequitable to North Dakota Franchisees (Section 51-19-09, N.D.C.C.) and may be unenforceable under North Dakota Law:

- (a) A provision requiring a North Dakota franchisee to sign a general release upon renewal of the Franchise Agreement;
- (b) A provision requiring a North Dakota franchisee to consent to termination penalties or liquidated damages;
- (c) A provision requiring a North Dakota franchisee to consent to the jurisdiction of courts outside the state of North Dakota;
- (d) A provision requiring a choice of law contrary to the North Dakota Franchise Investment Law;
- (e) A provision restricting the time in which a North Dakota franchisee may make a claim to less than the applicable North Dakota statute of limitations;
- (f) A provision calling for the waiver by a North Dakota franchisee of the right to trial by jury;
- (g) A provision requiring a North Dakota franchisee to consent to a waiver of exemplary and punitive damages; and
- (h) A provision requiring the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the Franchise Agreement.

2. North Dakota Century Code Section 9-08-06 subjects covenants not to compete to the provisions of that statute. The covenants not to compete contained within the Franchise Agreement are subject to Section 9-08-06 and may be unenforceable under North Dakota law.

3. The site of any mediation of the parties' disputes shall be at a site mutually agreeable to all parties. If all parties cannot agree upon a location, the mediation shall be Fargo, North Dakota.

4. Each provision of this Addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this addendum

*[Signature Page Follows]*



Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISEE:** (For an entity)

Name of Entity: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:** (For an individual)

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISOR:** 9ROUND FRANCHISING, LLC

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**WASHINGTON ADDENDUM TO 9ROUND<sup>®</sup> THE FRANCHISE DISCLOSURE DOCUMENT,  
THE FRANCHISE AGREEMENT FOR, AND ALL RELATED AGREEMENTS**

**THE STATE OF WASHINGTON**

This Addendum pertains to franchises sold in the State of Washington and is for the purpose of complying with Washington statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

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~~chapter 19.100 RCW will prevail.

**2. Franchisee Bill of Rights.** RCW 19.100.180 may supersede ~~the franchise agreement 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 ~~which may~~that supersede the franchise agreement ~~in or related agreements concerning~~ your relationship with the franchisor. Franchise agreement provisions, including the areas of termination and renewal of your franchise, 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 ~~the~~ franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

**4. General Release.** A release or waiver of rights ~~executed by~~ in the franchise agreement or related agreements purporting to bind the franchisee ~~may not include rights to waive compliance with any provision~~ under the Washington Franchise Investment Protection Act or any ~~rules or orders~~ thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

**5. Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

4.10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. ~~Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or right or remedies under the Act such as right to a jury trial, may not be enforceable.~~, in accordance with RCW 19.100.220(2).

~~5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.~~

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

6.14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In ~~additional~~ addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any

~~provisions~~provision contained in the franchise agreement or elsewhere that ~~conflict~~conflicts with these limitations ~~are~~is void and unenforceable in Washington.

**7.15. Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. RCW 49.62.060 prohibits a franchisor a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the ~~franchisee~~franchise agreement or elsewhere are void and unenforceable in Washington.

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

**17. Use of Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

**18. Advisory Regarding Franchise Brokers.** ~~The franchisor may use the services of franchise brokers to assist it in selling.~~ Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor. Do not rely only on the and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by a the franchise broker about a franchise. Do your own investigation by contacting the franchisor’s current and former franchisees to ask them about their experience with the franchisor.

**Your Franchisee Acknowledgement.** ~~For the purposes of your Franchisee Acknowledgement:~~

a. ~~The first paragraph is deleted in the entirety and replaced with:~~

~~As you know, you and we are entering into a Franchise Agreement for the operation of a 9ROUND franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue or inaccurate. Please review each of the following questions carefully and provide honest responses to each question.~~

b. ~~Questions 5, 15, and 16, to the Acknowledgments and Representations do not apply.~~

~~Each of the~~ The undersigned ~~parties do~~ hereby acknowledge ~~having read and understood receipt of~~ this Addendum ~~and consents to be bound by all of its terms.~~

FRANCHISEE: (For an entity)

FRANCHISEE: (For an individual)

Name of Entity: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISOR:** 9ROUND FRANCHISING, LLC

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT D**  
**FRANCHISEE LIST**

**List of Franchisees as of December 31, ~~2023~~2024**

Alabama					
<del>GHL Fitness Inc.</del> <del>Chrissie Steff, Ryan Steff</del>	<del>1499 S College Street,</del> <del>Suite G</del>	<del>Auburn</del>	<del>AL</del>	<del>36830</del>	<del>(334) 734-5099</del>
<del>Jim Jams Gym</del> <del>Coastal Co</del> <del>Conditioning, LLC</del> <del>Justin Collins</del> <del>Donald Keith</del>	2430 S. McKenzie <del>Street</del> <del>Street<sup>1</sup></del>	Foley	AL	36535	(251) 210-2786
<del>Jim Jams Gym, LLC</del> <del>Justin Collins</del>	<del>633 Estate Drive</del>	<del>Gulf Shores</del>	<del>AL</del>	<del>36542</del>	<del>(251) 202-3189</del>
Holemon Holdings LLC Tyler Holemon	2370 Jack Warner Parkway NE A104	Tuscaloosa	AL	35401	(205) 248-7641
Pillow Fight LLC James (Bo) Lackey, Matt Cole, Robin Lackey	100 North Florida Street D-2	Mobile	AL	36607	(251) 263-8955
DJKB Enterprises LLC Delana Holcomb, <del>Jennifer Jenkins</del>	1105 Southview Lane, Suite 105	Tuscaloosa	AL	35405	(205) 394-3415
Alaska					
Arizona					
Express Janitorial & Landscaping Services, LLC Benjamin Portugal	2487 S. Gilbert Road, Suite 115	Gilbert	AZ	85295	(480) 899-4066
Arch to AZ Fitness LLC Melissa Klein, Shannon Leahy	4731 E. Union Hills Drive, Suite 106 <sup>1</sup>	Phoenix	AZ	85050	(480) 235-9652
<del>SVH Fitness, LLC</del> <del>Vlasta Duffy</del>	<del>9343 E. Shea</del> <del>Boulevard #145</del>	<del>Scottsdale</del>	<del>AZ</del>	<del>85260</del>	<del>(480) 407-6140</del>
Arkansas					
HBFIT INC Heather Huett	<del>2200</del> <del>1110</del> SE <del>J28th</del> Street, Suite <del>6<sup>1</sup></del> <del>24<sup>1</sup></del>	Bentonville	AR	72712	(479) <del>845-</del> <del>5900</del> <del>236-6984</del>
Drew Fit, LLC <del>Drew Davitt,</del> Jay Davitt,	1267 Steamboat Drive, Suite 1	Fayetteville	AR	72704	(479) 316-8280
California					
<del>HJJ Family, Inc.</del> <del>John Han</del>	<del>2651 Blanding Avenue</del> <del>Suite A</del>	<del>Alameda</del>	<del>CA</del>	<del>94501</del>	<del>(510) 270-0014</del>
Average Joe, INC Stephanie Zatzke	822 E. Grand <del>Avenue</del> <del>Avenue<sup>1</sup></del>	Arroyo Grande	CA	93420	(805) 500-7022
LCAZ Holdings, Inc. Lawrence Grable, Christy Grable	2360 D Las Posas <del>Road</del> <del>Road<sup>2</sup></del>	Camarillo	CA	93010	(805) 946-2999
San Diego on the Go, Inc. Jorge Alvarez	1550-K East H Street	Chula Vista	CA	91913	(619) 623-3606
J and L AA Businesses, Inc. Lilia Tahmasian, John Vertrees	7845 Greenback <del>Ln</del> <del>Ln<sup>1</sup></del>	Citrus Heights	CA	95610	(916) 705-9954
TrinityFit Inc. Steve Rousey	330 W Foothill Parkway, Suite104 <sup>1</sup>	Corona	CA	92882	(951) 808-9896
<del>We Can Workout LLC</del> <del>Steve Nalbandian</del>	<del>1175 Baker Street,</del> <del>Suite A-5</del>	<del>Costa Mesa</del>	<del>CA</del>	<del>92626</del>	<del>(714) 605-0495</del>
House of Muzik Dan Muzik	230 E. 17 <sup>th</sup> St	Costa Mesa	CA	92627	(949) 287-6072
Maudi Group, Inc. Mauricio Acevedo	11140 Washington <del>Boulevard</del> <del>Boulevard<sup>2</sup></del> <del>Boulevard<sup>1</sup></del>	Culver City	CA	90232	(424) 298-8187
7Strong LLC Peter Martinez III	14063 Limonite Avenue Suite 140	Eastvale	CA	92880	(951) 536-4315
Always Faithful Fitness LLC Gilbert Barreto	9320 Elk Grove Boulevard, Suite 165	Elk Grove	CA	95624	(916) 226-5322

<del>Who You Calling A Girl Fitness</del> <del>Charise McCondie</del>	<del>6399 Christie Avenue, Suite B</del>	<del>Emeryville</del>	<del>CA</del>	<del>94608</del>	<del>(510) 472-7953</del>
<del>Riza NOLA, LLC</del> <del>Riza Ayson</del>	<del>18595 Brookhurst Street</del>	<del>Fountain Valley</del>	<del>CA</del>	<del>92708</del>	<del>(714) 782-0601</del>
Estrella Wellness Group, LLC Anthony Estrella	6831 Hollister Avenue, Suite I	Goleta	CA	93117	(805) 966-3888
E Squared Fitness, LLC Chris Borgia	1109 Aviation Boulevard <sup>2</sup> <del>Boulevard<sup>1</sup></del>	Hermosa Beach	CA	90254	(310) 986-3910
Engage Your Core Fitness, LLC Andrew Gustin	7074 Edinger Avenue	Huntington Beach	CA	92647	(714) 375-0180
TrinityFit Inc. Steve Rousey	21068 Beach Blvd <sup>1</sup>	Huntington Beach	CA	92648	(714) 715-0295
MBK FURY, LLC Sam Phen, Cheryl Phen	92 Corporate Park, Suite I	Irvine	CA	92606	(949) 522-1188
<del>Awesome Fit, LLC</del> <del>Nandu Tangella, Hu Li</del>	<del>4255 Campus Drive, #A108</del>	<del>Irvine</del>	<del>CA</del>	<del>92616</del>	<del>(949) 431-5646</del>
Awesome Fit, LLC Nandu Tangella, Hu Li	6610 Irvine Center Drive <sup>1</sup>	Irvine	CA	92618	(949) 431-6679
INN Group Vladimir V. Volkov	3561 Mt. Diablo Boulevard. Suite B	Lafayette	CA	94549	(925) 360-4777
Lion Heart Fitness, Inc. Jonathan Nazanin, Maryam Fakour	30100 Town Center Drive, Suite S	Laguna Niguel	CA	92677	(949) 297-6911
BF Capital Tony Blankenship	69 Lincoln Boulevard, Suite F	Lincoln	CA	95648	(916) 800-5012
Boxing Betty, LLC Ashley J. Richardson	6502 E. Spring Street <sup>1</sup>	Long Beach	CA	90815	(562) 277-1285
<del>Maudi II LLC</del> <del>Mauricio Acevedo</del>	<del>421 West Broadway Suite C<sup>1</sup></del>	<del>Long Beach</del>	<del>CA</del>	<del>90802</del>	<del>(310) 405-5228</del>
Nadia Ochoa	430 W. Pico Boulevard <sup>2</sup> <del>Boulevard<sup>1</sup></del>	Los Angeles	CA	90015	(213) 699-2699
Punch Rig Inc. Tom Beyer	516 Center Avenue <sup>2</sup> <del>Avenue<sup>1</sup></del>	Martinez	CA	94553	(925) 202-2205
Fortune Health & Fitness, LLC Eugene <del>Porter</del> <del>Fortune</del> , Peter Celaya	91 Dempsey Road <sup>2</sup>	Milpitas	CA	95035	(408) 493-6328
Studio 9 Brant Adornato	75 W El Camino Real	Mt. View	CA	94040	(408) 724-8055
NHBFitness91, LLC Nimesh Bhakta	39249 Cedar Boulevard <sup>1</sup>	Newark	CA	94560	(510) 516-4646
DTLH Fitness, LLC David Operario, Tam Lee-Operario	4864 Telegraph Avenue	Oakland	CA	94609	(510) 275-4151
<del>Silverstar Driven LLC</del> <del>Silver Star Corp.</del> Silvia Salgado	<del>3135 N. Glassell Street<sup>2</sup></del>	Orange	CA	92865	(657) 799-6942
<del>Pomaika'i Management LLC</del> <del>Jason Wong</del>	<del>4275 Rosewood Drive, Suite 23</del>	<del>Pleasanton</del>	<del>CA</del>	<del>94588</del>	<del>(925) 251-0081</del>
LCAZ Holdings, Inc. Deshion Inniss, Tryon Pyeatt	547 West Channel Islands Boulevard <sup>2</sup> <del>Boulevard<sup>1</sup></del>	Port Hueneme	CA	93041	(805) 946-2999
<del>MAS Fitness, LLC</del> <del>Steven Liu</del>	<del>8160 Haven Ave Suite 102</del>	<del>Rancho Cucamonga</del>	<del>CA</del>	<del>91730</del>	<del>(909) 466-6719</del>
Royko, LLC Ramin Kotobi	29851 Aventura, Suite J <sup>1</sup>	Rancho Santa Margarita	CA	92688	(949) 709-5357
Boxing Betty LLC Ashley J Richardson	3600 Central Avenue, #3 <sup>1</sup>	Riverside	CA	92506	(951) 331-3223
J and L AA Businesses Lilia Tahmasian, John Vertrees	4021 Woodcreek Oaks Boulevard, Suite	Roseville	CA	95747	(916) 792-5652



	<del>180180</del> <sup>1</sup>				
L&W Fitness Enterprises LLC Adele Letro, Paige Winchester, Jesse Letro	1914 P Street - Midtown	Sacramento	CA	95811	(916) 758-8225
Heavenward L.L.C. Neeley Wetzel	4730 Natomas Boulevard, Unit # <del>130130</del> <sup>2</sup>	Sacramento	CA	95835	(916) 900-4698
<del>Torguson Enterprises LLC Mark Torguson</del>	<del>5650 Folsom Blvd</del>	<del>Sacramento</del>	<del>CA</del>	<del>95819</del>	<del>(916) 389-0281</del>
Hit to Fit Lifestyle LLC Brandon Danieli	6110 Friars Road	San Diego	CA	92108	(619) 684-5632
<del>Brandon Danieli, Milissa Danieli</del>	<del>4411 Mercury Street, #105A</del>	<del>San Diego</del>	<del>CA</del>	<del>92111</del>	<del>(858) 430-6414</del>
RayAm Fitness, LLC Raymond Ysguerra	15251 Hesperian Boulevard, Suite <del>55</del> <sup>1</sup>	San Leandro	CA	94578	(510) 228-0722
<del>WinRound, LLC Nilda Santiago</del>	<del>19564 Ventura Boulevard</del>	<del>Tarzana</del>	<del>CA</del>	<del>91356</del>	<del>(818) 660-2768</del>
Dejayh Inc. Daniel Hawkins	2370 Crenshaw Boulevard, Suite E	Torrance	CA	90501	(424) 731-8180
ABC Fit, Inc. Pamela Bundalian, Eduardo Castaneda	651 E First Street, Suite <del>AA</del> <sup>1</sup>	Tustin	CA	92780	(657) 215-1288
<del>Herzog Ricci LLC Anthony Ricci, Melissa Herzog</del>	<del>1221 W. Foothill Boulevard</del>	<del>Upland</del>	<del>CA</del>	<del>91786</del>	<del>(909) 273-3271</del>
LCAZ Enterprises, LLC Lawrence Grable, Christy Grable	28112 Newhall Ranch <del>Road</del> <del>Road</del> <sup>2</sup>	Valencia	CA	91355	(661) 670-8166
A&E Brothers, LLC Art Espinoza, Rosa Espinoza, Eric Espinoza	1044 West Covina Parkway	West Covina	CA	91790	(626) 267-4793
<b>Colorado</b>					
<del>KEJ Enterprises, LLC Melissa Lantz</del>	<del>1001 South Tejon</del>	<del>Colorado Springs</del>	<del>CO</del>	<del>80903</del>	<del>(719) 473-5755</del>
KEJ Enterprises, LLC Melissa Lantz	4730 Centennial Boulevard, Suite 101	Colorado Springs	CO	80919	(719) 528-6005
<del>McReaCrea, LLC Anne Lee Haizlip McRea</del>	<del>487 S. Broadway, #100</del>	<del>Denver</del>	<del>CO</del>	<del>80209</del>	<del>(303) 722-0318</del>
<del>SBGH Fitness, LLC Staci Bartels, Glen Harvey</del>	<del>310 E 17th Avenue</del>	<del>Denver</del>	<del>CO</del>	<del>80203</del>	<del>(303) 997-8295</del>
Yetifit LLC Christopher Churchill, James Churchill	7939 East Araphahoe Road, Suite 140	Greenwood Village	CO	80112	(303) 593-2106
Durango Dale Fitness, LLC Dale C. Peterson	1631 Pace Street, Suite B-11	Longmont	CO	80504	(303) 772-8888
<b>Connecticut</b>					
<b>Delaware</b>					
<del>GT Ripped Fitness 2, LLC Christian Heavens, Donna Heavens</del>	<del>2826 Pulaski Highway</del>	<del>Newark</del>	<del>DE</del>	<del>19702</del>	<del>(302) 365-5590</del>
GT Ripped Fitness, LLC Christian Heavens, Donna Heavens	1601 Concord Pike, Suite 17 & 19	Wilmington	DE	19803	(302) 897-9763
<b>District of Columbia</b>					
A Squared Fitness and Health LLC Hasan Ashshaheed, Krista Ashshaheed	1111 New Jersey Avenue SE	Washington	DC	20003	(202) 630-0848
<b>Florida</b>					

Craddock & Company Wellness, LLC Josh Craddock	1200 Yamato Road, Suite B-1	Boca Raton	FL	33431	(561) 419-7003
Hartico, LLC Venecia Antico	8855 W. Boynton Beach Boulevard, Suite 360	Boynton Beach	FL	33472	(561) 733-0911
<del>DCM Fitness, LLC</del> <del>Daniel Maradiaga, Christina Maradiaga</del>	<del>4300 S Highway 27, Suite 105</del>	<del>Clermont</del>	<del>FL</del>	<del>34711</del>	<del>(352) 988-5311</del>
<del>G&amp;JP Fitness LLC</del> <del>Gaspard Masseur, Jean Pierre C Mora</del>	<del>1031 N Federal Highway<sup>2</sup></del>	<del>Fort Lauderdale</del>	<del>FL</del>	<del>33304</del>	<del>(954) 626-0780</del>
<u>EMC2 Consulting Services, LLC</u> Cayla L. Ricardo	12226 Beach Boulevard, #8	Jacksonville	FL	32246	(904) 516-7155
<del>Tam's Lifestyle</del> <u>EMC2 Consulting Services, LLC</u> <del>Tamiya R. Fishel</del> <u>Cayla Ricardo</u>	716 New Berlin Road, Suite <del>111</del> <sup>1</sup>	Jacksonville	FL	32246	(904) 416-0576
<del>Wrapped, LLC</del> <del>Tammy Ewing</del>	<del>3587 NW Federal Highway<sup>1</sup></del>	<del>Jensen Beach</del>	<del>FL</del>	<del>34957</del>	<del>(772) 933-9910</del>
Five Schell LLC Wayne Schell	75 E. Indiantown Road, Suite 608	Jupiter	FL	33477	(561) 717-7595
<del>Migmar Group, LLC</del> <del>Alejandro Ramos</del>	<del>11252 SW 137 Avenue</del>	<del>Kendall</del>	<del>FL</del>	<del>33186</del>	<del>(786) 536-2259</del>
<del>D2 Fitness, LLC</del> <del>Rakesh Bhandari, Jai Bhandari</del>	<del>245 Wheelhouse Lane, #1431</del>	<del>Lake Mary</del>	<del>FL</del>	<del>32746</del>	<del>(407) 605-0630</del>
<del>One Round at a Time LLC</del> <del>Kim Rymanowski, Mitchell Rymanowski</del>	<del>2083 Collier Parkway</del>	<del>Land O'Lakes</del>	<del>FL</del>	<del>34639</del>	<del>(813) 527-3776</del>
Prince Motivations, LLC, Wayne E. Prince	4115 State Road 7	Lake Worth	FL	33449	(561) 619-5670
<del>Migmar Group, LLC</del> <del>Alejandro Ramos</del>	<del>9999 SW 72 Street, Suite 108</del>	<del>Miami</del>	<del>FL</del>	<del>33173</del>	<del>(786) 391-0580</del>
Vital Green Life, LLC Leonardo DoCarmo, Julia Fernandez	14612 SW 8 <sup>th</sup> Street	Miami	FL	33184	(786) 699-6140
<del>One Round at a Time LLC</del> <del>Kim Rymanowski, Mitch Rymanowski</del>	<del>1326 Seven Springs Boulevard</del>	<del>New Port Richey</del>	<del>FL</del>	<del>34655</del>	<del>(727) 597-7325</del>
<del>STN Fitness,</del> <u>Ramdeo Trading LLC</u> <del>Jennifer Nanhu</del> <u>Damien Signori</u>	1816 Jake <del>Street</del> <u>Street<sup>1</sup></u>	Orlando	FL	32814	(407) 801-4818
<del>Rosebush Properties, Inc.</del> <del>Kayla Bushman, Brandon Bushman</del>	<del>5150 Dr. Phillips Boulevard<sup>1</sup></del>	<del>Orlando</del>	<del>FL</del>	<del>32819</del>	<del>(407) 863-1777</del>
J&J Nona Fitness, LLC Jacqueline Guzman	7252 Narcoossee Road, # <del>102<sup>2</sup></del> <u>102<sup>1</sup></u>	Orlando	FL	32822	(407) 286-3036
Next Level Performance, LLC Alfredo Brown, Karin Gabriela Brown	18391 Pines Boulevard	Pembroke Pines	FL	33029	(954) 380-8808
<del>HN Enterprises, Inc</del> <del>Ira Neasman, Lynne Neasman</del>	<del>1737 N. University Drive</del>	<del>Plantation</del>	<del>FL</del>	<del>33322</del>	<del>(954) 370-4500</del>
<del>LK MK Fitness RPB</del> <u>Coastal Co Conditioning, LLC</u> <del>Larry Karp, Michelle Karp, Mark Terrible</del>	<del>11051 Southern Boulevard, Suite 200</del> <u>11449 West Nine Mile Rd. #18<sup>1</sup></u>	<del>Pensacola</del> <u>Royal Palm</u>	FL	<del>33411</del> <u>32506</u>	<del>(561) 204-9699</del> <u>(801) 663-9745</u>
North Florida Kickboxing, LLC Eric Friall	1817 Thomasville Road, Unit <del>620<sup>2</sup></del> <u>620<sup>1</sup></u>	Tallahassee	FL	32303	(850) 840-0040

RD Essential LLC Ray Duyungan	1928 Weston Road	Weston	FL	33326	(954) 320-7338
A&P Fitness LLC Adreana Moss, Wayne E. Prince	13860 Wellington Trace, Suite 15	Wellington	FL	33414	(561) 660-6131
<b>Georgia</b>					
FitXtreme, Inc. Shayna Marshall	465 Boulevard SE, Suite 101A	Atlanta	GA	30312	(404) 390-3346
Geri Gonsalves Fitness LLC Geri Gonsalves, Jacqueline W. Gonsalves	1745 Peachtree Street NE, Suite L	Atlanta	GA	30305	(470) 452-6008
Red Iron Holdings, LLC Jon Howell	3894 Due West Road NW, #260260 <sup>2</sup>	Marietta	GA	30064	(470) 205-0430
Adventure Step 1, LLC Justin Barnes, Nicole Barnes, Donna Barnes	310 Town Center Avenue	Suwanee	GA	30024	(678) 288-4877
<b>Hawaii</b>					
<b>Idaho</b>					
<b>Illinois</b>					
AVR Fitness LLC Asher Rosenblatt, Ariane Rosenblatt	1653 W. Division Street <sup>1</sup>	Chicago	IL	60622	(773) 360-1522
AVR Fitness, LLC Asher Rosenblatt	3911 N. Broadway Street <sup>2</sup>	Chicago	IL	60613	(773) 657-5051
MKX Fitness, LLC Mary Kay Riordan	777 S. State Street	Chicago	IL	60605	(312) 252-9909
Knockout Boyz, LLC Anish Parikh, Nayan Patadia	1348 Patriot Boulevard <sup>2</sup> Boulevard <sup>1</sup>	Glenview	IL	60026	(224) 616-3348
North Shore 9Round, LLC Louisa Furse	1007 Waukegan Road <sup>2</sup> Road <sup>1</sup>	Northbrook	IL	60062	(224) 235-4840
V-Eight Ventures, LLC Becky Nickish-Venuti	3740 Green Mount Crossing Drive	O'Fallon	IL	62269	(618) 307-5105
Rita First, LLC Masahiro Yasuoka, Yasuhisa Kaneko	22 W Schaumburg Road <sup>2</sup>	Schaumburg	IL	60194	(847) 285-1992
KET Group, LLC Maureen Twohey	1540 E. Lake Cook Road	Wheeling	IL	60090	(224) 900-7734
Rosemark, LLC Mark Weaver, Rosie Weaver	1001 W. 75th Street, Suite 161-B	Woodridge	IL	60517	(630) 541-6189
<b>Indiana</b>					
<del>ADJL Ventures</del> <del>Solid B Minus</del> , LLC <del>Mindy Spacco</del> <del>Craig Valier</del>	7615 E US Highway 36	Avon	IN	46123	(317) 268-6486
Vinson Kickboxing, LLC Josh Vinson, Erica Vinson	9873 N. Michigan Road, Suite 135135 <sup>1</sup>	Carmel	IN	46032	(317) 731-7249
<del>So In Fitness Group, LLC</del> <del>Louwana Ball</del>	<del>1225 Veterans</del> <del>Parkway, Suite 500</del>	<del>Clarksville</del>	<del>IN</del>	<del>47129</del>	<del>(812) 920-2009</del>
Azfit, LLC Scott Bodenhafer, Angela Bodenhafer	10357 Illinois Road <sup>2</sup> Road <sup>1</sup>	Fort Wayne	IN	46814	(260) 271-1494
Azfit, LLC Scott Bodenhafer, Angela Bodenhafer	2872 E Dupont Road <sup>2</sup>	Fort Wayne	IN	46825	(260) 739-6050
Azfit, LLC Scott Bodenhafer, Angela Bodenhafer	10454 Maysville Road <sup>2</sup>	Fort Wayne	IN	46835	(260) 245-0548
<del>Etham Fitness, Inc.</del>	<del>1214 E. University</del>	<del>Granger</del>	<del>IN</del>	<del>46530</del>	<del>(574) 520-1567</del>

<del>Jennifer Booth, Chase Booth</del>	<del>Drive</del>				
Fight for Fitness, LLC Sarah N Spears, Tim Gray	5645 Pebble Village Lane	Noblesville	IN	46062	(317) 219-3456
<b>Iowa</b>					
Shear Opportunities, LLC Kari Carlson	789 Middle Road <sup>1</sup>	Bettendorf	IA	52722	(563) 355-4600
Hoeger Fitness, LLC Jennifer Hoeger	308 1 <sup>st</sup> Avenue, Suite 105	Coralville	IA	52241	(319) 348-7809
<b>Kansas</b>					
Get After It, LLC Todd Vettel, Melissa Vettel, Teresa Vettel, Tim Vettel, Trevor Vettel	1620 Fort Riley Boulevard, Suite 111	Manhattan	KS	66502	(785) 210-5833
Edwards Fitness, Inc. Timothy Edwards, Barbara Edwards, Jennifer Buehler	18583 W 151st St	Olathe	KS	66062	(913) 948-2350
Oliver Fitness, LLC Lisa Oliver	13217 Shawnee Mission Parkway	Shawnee	KS	66216	(913) 730-8681
<del>Toe2Toe Fitness Adam Turk, Megan Turk</del>	<del>22350 W 66th St</del>	<del>Shawnee</del>	<del>KS</del>	<del>66226</del>	<del>(913) 745-6065</del>
<b>Kentucky</b>					
<b>Louisiana</b>					
<b>Maine</b>					
<b>Maryland</b>					
JCL Fit LLC Joseph C. Lawson	3469 Fort Meade Road	Laurel	MD	20724	(301) 685-6000
Temeraria Fitness, Inc. Chellis Garcia	8403 Colesville Road, Suite 170	Silver Spring	MD	20910	(301) 328-8985
JOC MOBS, Inc. Wanda Brisco	2875 Crain Highway, Suite 5A <sup>1</sup>	Waldorf	MD	20601	(301) 710-5376
<b>Massachusetts</b>					
Checalila, LLC Larry Zensen	471 Harvard <del>Street</del> <sup>2</sup>	Brookline	MA	02446	(617) 939-9998
<del>MVJC Fitness, LLC James Baker, Kyle Logue</del>	7 Summer Street, Unit <del>55</del> <sup>1</sup>	Chelmsford	MA	01824	(978) 677-7968
<del>MillstoneLico Fitness, LLC Gentian Lico, Jan Luong</del>	110 Elm Street, 1	Millbury	MA	01527	(508) 865-0800
<del>Dee Lobo Fit Inc. Destiny Lopez</del>	<del>218 Shrewsbury Street</del>	<del>Worcester</del>	<del>MA</del>	<del>01604</del>	<del>(774) 275-3297</del>
<b>Michigan</b>					
<del>JAD Fitness, LLC James Dick Jr.</del>	<del>19364 E 10 Mile Road</del>	<del>Eastpointe</del>	<del>MI</del>	<del>48021</del>	<del>(586) 859-5353</del>
Red Dragon Kickboxing, LLC Anthony K Sackett	15404 Haggerty <del>Road</del> <sup>1</sup>	Plymouth	MI	48170	(734) 420-4909
<b>Minnesota</b>					
Twin Ports Kickboxing, LLC Geoffrey Rich	1334 W Arrowhead Road	Duluth	MN	55811	(218) 481-7788
<del>uFitness, Inc. Tess Carlson</del>	<del>8023 Glen Lane</del>	<del>Eden Prairie</del>	<del>MN</del>	<del>55344</del>	<del>(952) 452-9780</del>
Two Guns L.L.C. Amber Peterson	8026 Highway <del>5555</del> <sup>1</sup>	Golden Valley	MN	55427	(763) 545-8786
Thirty Seconds, LLC Neil Gauen	4000 Annapolis Lane North, Suite 102 <sup>1</sup>	Plymouth	MN	55445	(763) 476-5002
<b>Mississippi</b>					

Missouri						
<del>V Eight Ventures, LLC</del> <del>Becky Venuti</del>	<del>12536 Olive Blvd,</del> <del>Ste G</del>	<del>Creve-Coeur</del>	<del>MO</del>	<del>63141</del>	<del>(314) 392-9305</del>	
BT FLUGLE LLC Bruce Thompson	5765 NE Antioch Road	Gladstone	MO	64119	(816) 455-9763	
IPK LLC Isaiah Peel	19321 E. US 40 Highway, Suite <del>K<sup>2</sup>K<sup>1</sup></del>	Independence	MO	64055	(816) 982-9912	
Revers Fitness, LLC Connie Revers, Jennifer Revers	8944 NW Skyview Avenue	Kansas City	MO	64154	(816) 587-6999	
Revers Fitness, LLC Connie Revers, Jennifer Revers	6304 N Chatham Avenue <sup>1</sup>	Kansas City	MO	64151	(816) 505-9991	
Tucker Fitness LLC Rashad Tucker	1200 Washington Street, Suite A	Kansas City	MO	64105	(816) 550-0407	
Young Lager Fitness LLC Chris Young, Shauna Young	105 S. Jefferson Street, B-1 <sup>1</sup>	Kearney	MO	64060	(816) 635-9800	
<del>Ring The Bell Fitness, LLC</del> <del>Nathan Bell</del>	<del>1440 W. Republic</del> <del>Road, Suite 128</del>	<del>Springfield</del>	<del>MO</del>	<del>65807</del>	<del>(417) 889-9763</del>	
South City Fitness Boxing, LLC Chris Halbach, Thomas Matthes	4924 Hampton Avenue	St. Louis	MO	63109	(314) 269-1399	
PV Fitness LLC Pratyusha Velagapundi	16 Plaza <del>94<sup>2</sup>94 Street<sup>1</sup></del>	St. Peters	MO	63304	(636) 244-3219	
Letsdothis L.L.C. Sabrina Mades-Carroll	2093 Washington <del>Crossing</del> <del>Crossing<sup>2</sup></del>	Washington	MO	63090	(636) 432-1979	
Montana						
<del>Willis Kickboxing, LLC</del> <del>Corey Willis</del>	<del>2338 Grand Avenue</del>	<del>Billings</del>	<del>MT</del>	<del>59102</del>	<del>(406) 969-5741</del>	
Nebraska						
Get After It, LLC Todd Vettel, Tim Vettel, Melissa Vettel, Teresa Vettel	2800 N 83rd Street, Suite C <sup>1</sup>	Lincoln	NE	68507	(402) 326-1618	
<del>RTA138 Limited Liability Company</del> <del>Rhace Akers</del>	<del>18204 Wright Street</del>	<del>Omaha</del>	<del>NE</del>	<del>68130</del>	<del>(402) 431-3184</del>	
<del>RTA138 Limited Liability Company</del> <del>Rhace Akers</del>	<del>15514 Spaulding</del> <del>Plaza, Suite D09</del>	<del>Omaha</del>	<del>NE</del>	<del>68116</del>	<del>(402) 506-4567</del>	
Nevada						
<del>Ouigee, Legendary Fit</del> LLC <del>Leydis Ferrer</del> <del>Abel McGee</del>	1622 West Warm Springs Road	Henderson	NV	89014	(702) 476-5800	
<del>D&amp;K Fitness and Yoga</del> <del>CUBMEX</del> LLC <del>Leydis Ferrer</del> <del>Dave Mazany</del>	3555 S Fort Apache Road, # <del>126</del> <del>126<sup>2</sup></del>	Las Vegas	NV	89147	(702) 489-6000	
<del>Invincible Modus, LLC</del> <del>Matthew Patrovsky</del>	<del>113 Los Altos Parkway,</del> <del>#103</del>	<del>Sparks</del>	<del>NV</del>	<del>89436</del>	<del>(775) 800-4283</del>	
New Hampshire						
High Point Enterprise, LLC Christy Masciarelli	290 W River Road	Hooksett	NH	03106	(603) 325-4114	
Beauchamp Fitness, LLC Timothy Beauchamp	72 Mirona Road, Suite 1	Portsmouth	NH	03801	(603) 294-1404	
Zina LLC Bea Sargu, Sasha Sargu	570 Lafayette Road, Suite 803	Seabrook	NH	03874	(603) 760-2708	
<del>Manna Health, LLC</del> <del>Leonardo Araujo</del>	<del>160A Tri-City Plaza</del>	<del>Somersworth</del>	<del>NH</del>	<del>03878</del>	<del>(603) 609-7500</del>	
New Jersey						
New Mexico						

New York					
Leonad Deanero, LLC Adrien Noel, Ryan Deane	656 Nostrand Avenue	Brooklyn	NY	11216	(718) 303-0203
AlQuast, LLC Allie Quast	8586 Transit <del>Road</del> <u>Road</u> <sup>1</sup>	East Amherst	NY	14051	(716) 689-0090
Monarch Rivers Holdings, LLC Romel Arias, Angela R. Arias	417 N. Central <del>Avenue</del> <u>Avenue</u> <sup>2</sup>	Hartsdale	NY	10530	(914) 722-2653
TQK, LLC Michael Kelly, Annie Kelly	408 Oswego Street	Liverpool	NY	13088	(315) 870-9680
<del>Move 4ward Corp</del> <del>Roberth A. Chinga, Nakia Colon</del>	<del>7 W. Grand Street</del>	<del>Mt. Vernon</del>	<del>NY</del>	<del>10552</del>	<del>(914) 697-8397</del>
kimidi, Inc. Daniel E Irving	462 Evans Street	Williamsville	NY	14221	(716) 458-8477
North Carolina					
Cielo Enterprises Kristen Doherty	1357 Kildaire Farm <del>Road</del> <u>Road</u> <sup>1</sup>	Cary	NC	27511	(919) 502-1446
Morewell, LLC Amy Morgan	16721 Orchard Stone Run, Suite 120 <sup>1</sup>	Charlotte	NC	28277	(704) 542-9982
J9 Dilworth, Inc. John Dee	1412 East <del>Boulevard</del> <sup>2</sup> <u>Boulevard</u> <sup>1</sup>	Charlotte	NC	28203	(704) 459-4737
Fitness Gurus Corp John Burkart	2115 E. Arbors <del>Drive</del> <sup>2</sup> <u>Drive</u> <sup>1</sup>	Charlotte	NC	28262	(980) 224-8512
Red Ivy Fitness, LLC Michelle Jackson	7510 Pineville Matthews Road, Suite 6A	Charlotte	NC	28226	(980) 224-7685
Logan Love's Kickboxing LLC Howard Logan, Koree Summerville	3635 Mt. Holly- Huntersville Road	Charlotte	NC	28216	(980) 406-3838
Pigtail Power, LLC Amy Penwell Morgan	1218 E. 36th Street, Suite <del>CC</del> <sup>1</sup>	Charlotte	NC	28205	(704) 243-8775
Fitness Ventures of Charlotte, LLC Craig Voelker	5110 Park Road	Charlotte	NC	28209	(980) 430-1479
<del>J&amp;T Fitness</del> <del>Abundant Life Wellness, Inc.</del> <del>Leah Barnett</del> <del>John Teeling, Tracy</del> <del>Teeling</del>	5415 Village <del>Drive</del> <u>Drive</u> <sup>1</sup>	Concord	NC	28027	(704) 467-8970
Hit Happens Huntersville, LLC Conrad Hartle	19930 West Catawba Avenue, Suite <del>200</del> <sup>2</sup> <u>200</u> <sup>1</sup>	Cornelius	NC	28031	(704) 997-5862
R5 Fitness Systems, LLC Craig Thompson, Gina Gerard	3010 Traemoor Village Drive, Suite <del>160</del> <sup>1</sup> <u>160</u> <sup>2</sup>	Fayetteville	NC	28306	(910) 423-0055
JAM Fitness, Inc. Mike Spitzer, Julie Spitzer	2609 S. New Hope Road	Gastonia	NC	28056	(704) 691-7876
In Motion Group LLC Nicholas Petruzzi, Garret Petruzzi	2002 New Garden Road	Greensboro	NC	27410	(336) 763-5853
Hit Wicket Fitness LLC Abhijit Muthiyan, Sonali Luniya	7276 GB Alford <del>Highway</del> <u>Highway</u> <sup>1</sup>	Holly Springs	NC	27540	(919) 285-0926
Hit Happens Huntersville, LLC Conrad Hartle	13015 Rosedale Hill Avenue, Suite <del>14A</del> <u>14A</u> <sup>1</sup>	Huntersville	NC	28078	(704) 274-5062
Garrison Fitness, LLC Brooke Garrison, Robert Garrison	929 Park Center Drive, Suite <del>102</del> <sup>1</sup> <u>102</u> <sup>1</sup>	Matthews	NC	28105	(704) 321-0999
Shafeei Inc. Jon Shafeei	1131 Falls River Avenue, Unit #102 <sup>1</sup>	Raleigh	NC	27614	(919) 769-1002
J&I Fitness LLC Irina Lavigne	107 East Davie Street <sup>1</sup>	Raleigh	NC	27601	(919) 977-3033



Fitness Gurus Corp John Burkart	3901 Providence Road, Suite F	Waxhaw	NC	28173	(980) 315-5365
Cape Fear Kick Boxing, Inc. Lynette Spinelli, Perry Spinelli	7122 Market Street, Suite <del>120</del> <sup>120</sup> <sup>1</sup>	Wilmington	NC	28411	(910) 839-8603
Cape Fear Kick Boxing, Inc. Lynette Spinelli, Perry Spinelli	3301 Masonboro Loop Road, Suite <del>103</del> <sup>103</sup> <sup>1</sup>	Wilmington	NC	28409	(910) 800-0246
<del>Cape Fear Kick Boxing, Inc. Lynette Spinelli, Perry Spinelli</del>	<del>1930 Eastwood Road, 130<sup>1</sup></del>	<del>Wilmington</del>	<del>NC</del>	<del>28403</del>	<del>(910) 444-8030</del>
Littleton Fitness LLC Paul Littleton, Melissa Littleton	4940 Martin View Lane	Winston-Salem	NC	27104	(336) 934-4190
<b>North Dakota</b>					
<b>Ohio</b>					
Forconi Diversified, Inc. Lou Forconi, Nancy Forconi	2100 Center Road <sup>2</sup> <del>Road</del> <sup>1</sup>	Avon	OH	44011	(440) 937-0360
3 JIPS Fitness, LLC Rikki Hall	55 Ghent <del>Road</del> <sup>Road</sup> <sup>1</sup>	Fairlawn	OH	44333	(234) 678-5457
Forconi Diversified, Inc. Lou Forconi, Nancy Forconi	19341 Detroit Road <sup>2</sup> <del>Road</del> <sup>1</sup>	Rocky River	OH	44116	(440) 772-0009
<del>Pro Fitness, LLC Colbi Cousino, Dale Cousino</del>	<del>5577 Monroe Street, Suite C2</del>	<del>Sylvania</del>	<del>OH</del>	<del>43560</del>	<del>(419) 318-0668</del>
JRP Fitness LLC Sharon Prince	6071 Chandler Court <sup>2</sup> <del>Court</del> <sup>1</sup>	Westerville	OH	43082	(614) 392-2788
<b>Oklahoma</b>					
<b>Oregon</b>					
Kickbox Bend LLC Stephanie Ruiz	1404 NE 3rd Street, Suite 1	Bend	OR	97701	(541) 797-7959
<del>Bleiler Strong, LLC Damen Bleiler, Crystal Bleiler</del>	<del>5247 Commercial Street SE</del>	<del>Salem</del>	<del>OR</del>	<del>97306</del>	<del>(971) 599-1011</del>
<b>Pennsylvania</b>					
Southpaw Fitness LLC Richard Theobald	5 Franklin Avenue <sup>2</sup> <del>Avenue</del> <sup>1</sup>	Bryn Mawr	PA	19010	(484) 592-0306
JNM Holdings, LLC John Martino	33 W. Ridge Pike, Suite 309	Limerick	PA	19468	(484) 974-2266
Red Oak Fit LLC William Shepardson	3339 Washington Road	McMurray	PA	15317	(724) 299-3954
<b>Rhode Island</b>					
<b>South Carolina</b>					
<del>Penelope Blake Kicks Inc. Leslie Deitch</del>	<del>8210 Pinellas Drive, D</del>	<del>Bluffton</del>	<del>SC</del>	<del>29910</del>	<del>(843) 706-9856</del>
<del>GGroup Fitness, LLC Jon Gaminde</del>	<del>2242 Boiling Springs Road</del>	<del>Boiling Springs</del>	<del>SC</del>	<del>29316</del>	<del>(864) 599-8989</del>
<del>Rispress16, LLC David Rispress, Ginida Rispress</del>	<del>5424 Forest Drive, Suite 120</del>	<del>Columbia</del>	<del>SC</del>	<del>29206</del>	<del>(803) 497-5661</del>
<del>Arzu Fitness, LLC Chris Arzu</del>	<del>7971 North Woodrow Street Unit 4</del>	<del>Irmo</del>	<del>SC</del>	<del>29063</del>	<del>(803) 500-5006</del>
Kicking SC Inc. Jonelle Green, Mitchell Green	5343-J Sunset Boulevard <sup>1</sup>	Lexington	SC	29072	(803) 399-1468
GGroup Fitness, LLC Jon Gaminde	106-C Franklin Avenue <sup>2</sup> <del>Avenue</del> <sup>1</sup>	Spartanburg	SC	29301	(864) 541-7666
Knockout Fitness Reba Cole, William Cole, AJ Hickey	109 Grandview Drive	Summerville	SC	29483	(843) 291-9464

South Dakota						
A-Squared LLC Rob Feller, Carey Feller	1216 E. 57th Street	Sioux Falls	SD	57108	(605) 274-9977	
Tennessee						
Baha, Inc. Jack Matthis, Shelby Matthis Rice, LLC Josh Rice, Abbie Rice	1050 Glenbrook Way3061 Highway 45 Bypass, Suite 310A <sup>1</sup>	JacksonHenderson ville	TN	383053 7075	(731) 424- 5200(615) 265- 8083	
Phoenix Kelly Incorporated Karen SmithBaha, Inc. Jack Matthis, Shelby Matthis	3061 Highway 45 Bypass, Suite A <sup>2</sup> 9600 Lebanon Rd. #100 <sup>1</sup>	Mt. JulietJackson	TN	371223 8305	(615) 339- 1024(731) 424- 5200	
Boro9, Inc. Kevin Munger	149 Wendelwood Drive, Suite B2B2 <sup>1</sup>	Murfreesboro	TN	37129	(615) 546-0152	
Texas						
John Lee	10900 Research Boulevard, Suite 150	Austin	TX	78759	(512) 372-1030	
Kicking Boody, LLC Stormy JohnsonD&S Fitness Ltd Company Suleima Alkusari	9900 W Parmer Lane, Suite 215	Austin	TX	78717	(512) 527-3300	
Vicious Fun ATX, LLC Rebecca Kumar, Vanessa Grabbe	901 N Vista Ridge Boulevard 400 <sup>1</sup>	Cedar Park	TX	78613	(512) 456-7884	
R&J Fitness, LLC Robert Martinez, Jennifer Martinez	120 S Denton Tap Road, Suite 310	Coppell	TX	75019	(469) 444-9699	
Fasset Group LLC Travis Woods	7426 S Staples Street, Suite 208	Corpus Christi	TX	78413	(361) 548-3091	
BAAMI, LLC Brenda Acosta, Alex Acosta, Meredith Conlon	11750 Barker Cypress Road, Suite F	Cypress	TX	77433	(281) 373-0909	
SL Fitness, LLC Tracy Schrader, Chris Loper	7170 Skillman Street, Suite 160	Dallas	TX	75231	(214) 989-6014	
Mountain Star Ventures, LLC Martha Arana	1513 N. Zaragoza Road, Suite B	El Paso	TX	79936	(915) 849-8006	
Mountain Star Ventures, LLC Martha Arana	13649 Eastlake Boulevard Suite C8	El Paso	TX	79922	(915) 584-2400	
Mountain Star Ventures, LLC Martha Arana	7470 Cimarron Market, Building 12, Suite 300	El Paso	TX	79911	(915) 584-6463	
High Energy Fitness, LLC Jesse Ramos, Laura Ramos	3560 N. Zaragoza, Suite 205	El Paso	TX	79938	(915) 257-1000	
Kincaid Properties, Inc. Klaudia Kincaid	950 W. University Avenue, Suite 203	Georgetown	TX	78626	(512) 677-6654	
Pausumco, LLC Sumer Dawson, David Paul Dawson	2150 Justin Road, #200	Highland Village	TX	75077	(972) 317-3333	
MC Boxing Enterprise LLC Melissa Saldivar	6134 Westheimer Road Suite B1	Houston	TX	77057	(832) 341-0377	
Xstrom Enterprises, LLC Pete Ekstrom, Myla Ekstrom	1249 N. Loop W	Houston	TX	77008	(281) 888-3790	
ReViViFyre, LLC Stanley Eapen, Ashish Gugnani	8498 S Sam Houston Parkway E 300	Houston	TX	77075	(832) 224-6422	
Pxstrom Enterprises, LLC Pete Ekstrom, Myla Ekstrom	2294 W Holcombe Boulevard	Houston	TX	77030	(281) 888-3790	
Cypresswood Fitness LLC	8538 Highway 6 N	Houston	TX	77095	(832) 416-1005	



<del>Denis DiDonato, Karla DiDonato</del>					
<del>Pxstrom Enterprises, LLC</del> <del>Pete Ekstrom, Myla Ekstrom</del>	<del>17454A Northwest Freeway</del>	<del>Houston</del>	<del>TX</del>	<del>77040</del>	<del>(281) 888-3790</del>
Tip-Top Fitness, LLC Rick Martinez	6304 FM 1960 Road <del>East<sup>2</sup>East<sup>1</sup></del>	Humble	TX	77346	(832) 777-1237
<del>SL Fitness, LLC</del> <del>Chris Loper, Tracy Schrader</del>	<del>5910 N. MacArthur Boulevard, Suite 145</del>	<del>Irving</del>	<del>TX</del>	<del>75039</del>	<del>(682) 477-3749</del>
The Legacy Venture Team LLC Oscar Blanco	22720 Morton Ranch Road <sup>1</sup>	Katy	TX	77449	(281) 769-3743
The Legacy Venture Team LLC Oscar Blanco	29711 Kingsland Blvd, Suite 600 <sup>1</sup>	Katy	TX	77423	(281) 746-3314
<del>JY Riddle Inc.</del> <del>James Riddle, Yvonne Riddle</del>	<del>900 S Main, Suite 340</del>	<del>Keller</del>	<del>TX</del>	<del>76248</del>	<del>(817) 929-8913</del>
MYOL Enterprises, LLC Eric Neat	2906 Bagdad Road, Suite 280 <sup>1</sup>	Leander	TX	78641	(512) 843-3925
<del>Double M Fit, Inc.</del> <del>Noe Meza</del>	<del>5113 North 10th Street Suite B</del>	<del>McAllen</del>	<del>TX</del>	<del>78504</del>	<del>(956) 800-4411</del>
Steelhouse Productions, Inc. Neil Perez	301 N. Cluster Road Suite 120	McKinney	TX	75071	(469) 634-1510
Pitones Investments, LLC Jose Pitones	2310 E. Expressway 83, Suite 6	Mission	TX	78572	(956) 424-6742
<del>K &amp; M Fitness LLC</del> <del>Melissa Michelle Senieh</del>	<del>9101 Sienna Crossing Drive, Suite 100</del>	<del>Missouri City</del>	<del>TX</del>	<del>77459</del>	<del>(346) 816-6186</del>
V3 Ventures LLC Reetika Bagga, Gaurav Bagga, Neetika Sharad, Mukesh Kumar	312 FM-306 #100	New Braunfels	TX	78130	(830) 214-2818
V3 Ventures LLC Reetika Bagga, Gaurav Bagga, Neetika Sharad, Mukesh Kumar	1928 W State Highway 46, #112	New Braunfels	TX	78132	(830) 214-2814
<del>She Beast Fitness Enterprise, LLC</del> <del>Cheryl Torres</del>	<del>3600 Billy Hext Road, Suite 101</del>	<del>Odessa</del>	<del>TX</del>	<del>79765</del>	<del>(432) 552-8588</del>
Magnate Holdings LLC Ansar Pirzada	825 Plantation Drive, Suite 130	Richmond	TX	77406	(832) 240-1444
<del>4H Fitness LLC</del> <del>Alexis Howard, Jason Howard</del>	<del>20210 Stone Oak Parkway, Suite #103</del>	<del>San Antonio</del>	<del>TX</del>	<del>78258</del>	<del>(210) 259-8469</del>
Surround Enterprises, Inc. Josh Gonzalez, Katrina Gonzalez	7338 Louis Pasteur Drive <sup>1</sup>	San Antonio	TX	78229	(210) 699-4488
Surround Enterprises, Inc. Katrina Gonzalez, Josh Gonzalez	5514 Lonestar Parkway, Suite <del>105</del> 105 <sup>2</sup>	San Antonio	TX	78253	(210) 699-4488
<del>Team Z Fitness, LLC</del> <del>Manuel Zurita, Corrine Ariel Zurita</del>	<del>23718 IH 10 W</del>	<del>San Antonio</del>	<del>TX</del>	<del>78257</del>	<del>(210) 460-7588</del>
VasCo Sports & Entertainment LLC Daniel Vasquez	18235 Bulverde Road Suite 103	San Antonio	TX	78259	(210) 802-5771
<del>Holy Half-Dozen Fitness, LLC</del> <del>Byron McWilliams, Jordon McWilliams</del>	<del>102 Wonder World Drive, Suite 205</del>	<del>San Marcos</del>	<del>TX</del>	<del>78666</del>	<del>(512) 749-1008</del>
Kincaid Properties, Inc. Klaudia Kincaid	7425 W Adams Avenue, Suite 140	Temple	TX	76502	(254) 727-4004
<del>Mulder's Mettle Corp.</del> <del>Charlie Mulder, Mason Mulder</del>	<del>28525 Tomball Parkway</del>	<del>Tomball</del>	<del>TX</del>	<del>77375</del>	<del>(281) 205-7673</del>
<del>Pausumeo LLC</del> <del>Paul Dawson, Sumer Dawson</del>	<del>2550 Bobeat Boulevard, Suite 110</del>	<del>Trophy Club</del>	<del>TX</del>	<del>76262</del>	<del>(817) 490-9763</del>
United States Virgin Islands					

Utah					
<del>Toned Fitness, LLC</del> <del>Rachel Moss, Brandon Moss</del>	<del>5406 W 11000 N</del>	<del>Highland</del>	<del>UT</del>	<del>84003</del>	<del>(801) 734-9925</del>
<del>Toned Fitness, LLC</del> <del>Rachel Moss, Brandon Moss</del>	<del>97 S State Street</del>	<del>Orem</del>	<del>UT</del>	<del>84058</del>	<del>(801) 734-9919</del>
<del>DrUtah, LLC</del> <del>Jessica Harris</del>	<del>12664 S Redwood Road</del>	<del>Riverton</del>	<del>UT</del>	<del>84065</del>	<del>(801) 999-0534</del>
Vermont					
<del>Hard Six Fitness, LLC</del> <del>Jamie Palmisano, Sara Palmisano</del>	<del>150 Dorset Street, 207</del>	<del>South Burlington</del>	<del>VT</del>	<del>05403</del>	<del>(802) 495-5189</del>
Virginia					
<del>Atomic Chain Rattling LLC</del> <del>Liana Sansom, Zachary Sansom</del>	<del>123 N Pitt Street, Suite 450</del>	<del>Alexandria</del>	<del>VA</del>	<del>22314</del>	<del>(703) 910-0885</del>
<del>Venator Global, Bruno Boxing LLC</del> <del>Mary Elizabeth Dickenson</del> <del>Ross Flores, Sherie Flores</del>	<del>1956 Abbey Road</del> <del>Road<sup>1</sup></del>	<del>Charlottesville</del>	<del>VA</del>	<del>22911</del>	<del>(434) 295-9000</del>
JAKOB 1 Athletics, LLC Bryant Woodson, Kathleen Woodson	9998 Sowder Village <del>Square</del> <del>Square<sup>2</sup></del>	Manassas	VA	20109	(571) 229-7305
Phlogiston Fitness, LLC Jessica Braswell	2363 Roux Street, Suite <del>103<sup>2</sup></del> <del>103<sup>1</sup></del>	Richmond	VA	23230	(804) 415-6699
<del>Atomic Chain Rattling LLC</del> <del>Liana Sansom, Zachary Sansom</del>	<del>6410 Brandon Avenue</del>	<del>Springfield</del>	<del>VA</del>	<del>22150</del>	<del>(703) 923-0900</del>
Netanel LLC Nathaniel Pritchett	2301 Urchin Road	Virginia Beach	VA	23451	(757) 321-2933
No Excuses, LLC Jennifer Zachau	5005 Victory Boulevard, Suite A5	Yorktown	VA	23693	(757) 369-8343
Washington					
<del>K&amp;L Fitness, Inc.</del> <del>Lori Stauffer, Keith Stauffer</del>	<del>20825 Highway 410</del>	<del>Bonney Lake</del>	<del>WA</del>	<del>98391</del>	<del>(253) 501-6983</del>
<del>Olson Fitness, LLC</del> <del>Tim Olson</del>	<del>4793 Point Fosdick Drive NW, Suite 400</del>	<del>Gig Harbor</del>	<del>WA</del>	<del>98335</del>	<del>(253) 514-6670</del>
<del>Alpha Niner, LLC</del> <del>Truong Luu</del>	<del>1012 NE Park Drive</del>	<del>Issaquah</del>	<del>WA</del>	<del>98029</del>	<del>(425) 954-7450</del>
<del>All Fitness LLC</del> <del>Anna Amaral</del>	<del>314 Central Way</del>	<del>Kirkland</del>	<del>WA</del>	<del>98033</del>	<del>(425) 310-2108</del>
Team Ketter, LLC Zack Ketter	26826 Maple Valley Highway	Maple Valley	WA	98038	(425) 310-2520
All Fitness LLC Anna Amaral	13416 Bothell Everett Hwy, Suite 205	Mill Creek	WA	98012	(425) 224-5751
<del>L &amp; J Fitness, LLC</del> <del>Myintzu Win-Gardner, Leland Gardner</del>	<del>2821 NW Market St.</del> <del>2821D<sup>1</sup></del>	<del>Seattle</del>	<del>WA</del>	<del>98107</del>	<del>(240) 899-5252</del>
Get Jacq'd, LLC Jacquelin Wagner	13220 E Sprague <del>Avenue</del> <del>Avenue<sup>1</sup></del>	Spokane Valley	WA	99216	(509) 241-3736
Lee Cohen	5902 6th Avenue, Suite B	Tacoma	WA	98406	(253) 328-6951
West Virginia					
Wisconsin					
<del>Hulk Smash, LLC</del> <del>Breanna McKenny</del>	<del>926 N Westhill Boulevard</del>	<del>Appleton</del>	<del>WI</del>	<del>54914</del>	<del>(920) 540-8090</del>
Hulk Smash, LLC	N474 Eisenhower	Appleton	WI	54915	(920) 809-9646

Breanna McKenny	Drive, Suite G				
RAH Fitness, LLC Rebecca Haehle	1359 Port Washington Road	Grafton	WI	53024	(262) 292-1419
D&J's Health & Fitness, LLC Daniel Cortez, Jamie Davis, Jamie Cortez	6186 W Layton Avenue	Greenfield	WI	53220	(414) 763-7082
RAH Fitness, LLC Rebecca Haehle	11521 N Port Washington Road	Mequon	WI	53092	(262) 292-1419
RNL Fitness, LLC Rodger Videkovich, Lori Videkovich	545 Bay View Road, Ste D	Mukwonago	WI	53149	(262) 278-6200
Hulk Smash, LLC Breanna McKinney	1164 Westowne Drive	Neenah	WI	54956	(920) 215-3012
C & J Fitness, LLC Justin Murphy, Cassie Murphy	1623 W. 20th Avenue <sup>1</sup>	Oshkosh	WI	54902	(920) 385-4497
<del>Cain Fitness</del> <del>Petrina Cain, Gerald Cain</del>	<del>6100 Washington Avenue Suite E2</del>	<del>Racine</del>	<del>WI</del>	<del>53406</del>	<del>(262) 484-9910</del>
KB Tosa, LLC Garrett Stangel	7954 Harwood Avenue, Suite 140 <sup>2</sup> 140 <sup>1</sup>	Wauwatosa	WI	53213	(414) 395-8545
<b>Wyoming</b>					

Note 1: As of December 31, ~~2023~~2024, this 9Round location is operating on the 24-hour model.

Note 2: As of December 31, ~~2023~~2024, this 9Round location is in the process of converting to the 24-hour model.

**Franchisees with Signed Franchise Agreement,  
but Outlet not Open as of December 31, ~~2023~~2024**

<b>Alabama</b>					
RJS Holdings, LLC Rajvinder Singh, Scott Shepherd, Jeremy Bryant	TBD	Birmingham	AL	TBD	R.Singh@9Round.com; Scott.shepherd@9round.com; Jeremy.bryant@9round.com
South Alabama Fitness, LLC Luke Landry, Richard Rottger	TBD	Fair Hope	AL	TBD	Luke.Landry@9Round.com
RJS Holdings, LLC Rajvinder Singh, Scott Shepherd, Jeremy Bryant	TBD	Tuscaloosa	AL	TBD	R.Singh@9Round.com; Scott.shepherd@9round.com; Jeremy.bryant@9round.com
<b>Alaska</b>					
<b>Arizona</b>					
<del>Valor Fitness Personal Training LLC</del> <del>Dwayne Adkins, Veronica Adkins</del>	<del>1745 W. Hunt Hwy B102</del>	<del>San Tan Valley</del>	<del>AZ</del>	<del>85143</del>	<del>Dwayne.adkins@9round.com</del> <del>Veronica.adkins@9round.com</del>
<b>Arkansas</b>					
<b>California</b>					
TrinityFit, Inc. Steve Rousey	TBD	Anaheim	CA	TBD	Steve.rousey@9round.com
Pam Bundalian, Randy Bundalian	TBD	Anaheim	CA	TBD	Pam.bundalian@9round.com
Adele Letro, Paige Winchester	TBD	Davis	CA	TBD	Adele.letro@9round.com
Awaken Fitness LLC Ana Marie Borzileri	TBD	Danville	CA	TBD	AnaMarie.Borzileri@9round.com

Brant Adornato	TBD	Fremont	CA	TBD	Brant.Adornato@9round.com
Silverstar Driven LLC Silvia Salgado	TBD	Fullerton	CA	TBD	Silvia.Salgado@9round.com
Dejayh Inc. Daniel Hawkins	TBD	Hawthorne	CA	TBD	Daniel.hawkins@9round.com
True Power Enterprises Holly Tabrizi	TBD	Irvine	CA	TBD	Holly.tabrizi@9round.com
Awesome Fit, LLC Nandu Tangella, Hu Li	22353 El Toro Road	Lake Forest	CA	92630	Nandu@9round.com
<del>Maudi II LLC</del> <del>Mauricio Acevedo,</del> <del>Miranda Acevedo</del>	<del>421 West Broadway Suite C-461</del>	<del>Long Beach</del>	<del>CA</del>	<del>90802</del>	<del>Mauricio.Acevedo@9round.com</del>
Brant Adornato	TBD	San Jose	CA	TBD	Brant.Adornato@9round.com
Fit4Life Inc Anthony Benitez, Monika Benitez	TBD	Studio City	CA	TBD	monika.geisz@9round.com; Benitez@9round.com
Brant Adornato	10600 N DeAnza Boulevard	Sunnyvale	CA	95014	Brant.Adornato@9round.com
<b>Colorado</b>					
Anne Lee Haizlip McRea	TBD	Denver	CO	TBD	Anne.lee@9round.com
Evolution Energy Partners, LLC Jason H. Gaines, Casey Korejwo	TBD	Denver (Aurora)	CO	TBD	Jason.gaines@9round.com; Casey.korejwo@9round.com
Evolution Energy Partners, LLC Jason H. Gaines, Casey Korejwo	TBD	Denver (Castle Rock)	CO	TBD	Jason.gaines@9round.com; Casey.korejwo@9round.com
Evolution Energy Partners, LLC Jason H. Gaines, Casey Korejwo	TBD	Lone Tree	CO	TBD	Jason.gaines@9round.com; Casey.korejwo@9round.com
KEJ Enterprises LLC Melissa Lantz	TBD	Monument	CO	TBD	Melissa.Lantz@9round.com
<b>Connecticut</b>					
<b>Delaware</b>					
Kelli Hosier	TBD	Newark	DE	TBD	kelli.hosier@9round.com
<b>District of Columbia</b>					
<b>Florida</b>					
I&N Enterprises, Inc Ira Neasman, Lynne Neasman	TBD	Cooper City	FL	TBD	Ira.Neasman@9round.com; Lynne.Neasman@9round.com
<del>Santiago Boxing LLC</del> <del>Isabel Santiago</del>	<del>9903 Gulf Coast Main St. G-150</del>	<del>Fort Myers</del>	<del>FL</del>	<del>33913</del>	<del>Lisa.santiago@9round.com</del>
JJM Wellness Bill Hentschel, Tracie Hentschel	TBD	Orlando	FL	TBD	Bill.Hentschel@9round.com; Tracie.Hentschel@9round.com
Deb Leonard	TBD	Orlando	FL	TBD	Deb.Leonard@9round.com
<del>Costal Co Conditioning, LLC</del> <del>Donald J Keith</del>	<del>1449 West Nine Mile Road #18</del>	<del>Pensacola</del>	<del>FL</del>	<del>32514</del>	<del>Deejay.Keith@9round.com</del>
Next Level Performance LLC	TBD	Sunrise	FL	TBD	Alfredo.Brown@9round.com; Gaby.Brown@9round.com

Alfredo Brown, Karin Brown, Gabriela Brown					
Chris Herrmann	TBD	Tampa	FL	TBD	Christopher.Herrmann@9round.com
I&N Enterprises, Inc Ira Neasman Lynne Neasman	TBD	Weston	FL	TBD	Ira.Neasman@9round.com; Lynne.Neasman@9round.com
<b>Georgia</b>					
<b>Hawaii</b>					
<b>Idaho</b>					
<b>Illinois</b>					
E. Martin Harrison	TBD	Bloomington	IL	TBD	Martin.harrison@9Round.com
North Shore 9Round, LLC Kyle Kurz, Abby Kurz, Linda Mayer, Tom Mayer	TBD	Evanston	IL	TBD	abby.kurz@9round.com
V-Eight Ventures, LLC Becky Nickish - Venuti	TBD	Fairview Heights	IL	TBD	Becky.Venuti@9round.com
<b>Indiana</b>					
<b>Iowa</b>					
<b>Kansas</b>					
<del>Persistence LLC</del> <del>Jeff Jenkins</del> <del>Erick Fernengel</del> <del>Karen Fernengel</del>	TBD	<del>Lansing Overland Park</del>	KS	TBD	<del>jeff.jenkins@9Round</del> <del>Erick.fernengel@9round.com</del> <del>Karen.fernengel@9round.com</del>
<b>Kentucky</b>					
<b>Louisiana</b>					
<b>Maine</b>					
<b>Maryland</b>					
<b>Massachusetts</b>					
<b>Michigan</b>					
<b>Minnesota</b>					
FitMN Inc. Brett Furber	TBD	Chanhassen	MN	TBD	Brett.Furber@9round.com
Twin Ports Kickboxing, LLC Geoffrey Rich	TBD	Duluth	MN	TBD	Geoffrey.Rich@9round.com
uFitness, Inc. Ryan Pederson and Heather Dekan	TBD	Hopkins	MN	TBD	ryan.pederson@9round.com
uFitness, Inc. Ryan Pederson and Heather Dekan	TBD	Minneapolis	MN	TBD	ryan.pederson@9round.com
uFitness, Inc. Ryan Pederson and Heather Dekan	TBD	Minneapolis	MN	TBD	ryan.pederson@9round.com
uFitness, Inc. Ryan Pederson and Heather Dekan	TBD	Minnetonka	MN	TBD	ryan.pederson@9round.com
<b>Mississippi</b>					
<b>Missouri</b>					
<b>Montana</b>					
<b>Nebraska</b>					

<b>Nevada</b>					
<b>New Hampshire</b>					
<b>New Jersey</b>					
BCB Strong, LLC Brian Bagrier	TBD	Morristown	NJ	TBD	Brian.bagrier@9round.com
<b>New Mexico</b>					
<b>New York</b>					
Felicia Fiore, Angela Fiore	TBD	New York	NY	TBD	Felicia.Fiore@9round.com
<b>North Carolina</b>					
K2 Fitness, LLC Kevin Barnes, Keith Jones	TBD	High Point	NC	TBD	Kevin.Barnes@9round.com
<b>North Dakota</b>					
<b>Ohio</b>					
Forconi Diversified, Inc. Louis Forconi, Nancy Forconi	TBD	Amherst	OH	TBD	lou.forconi@9round.com; nancy.forconi@9round.com
Chakel Investments, LLC Kellie Colyer, Charlie Colyer	TBD	Milford	OH	TBD	kellie.colyer@9round.com
Forconi Diversified, Inc. Louis Forconi, Nancy Forconi	TBD	Strongsville	OH	TBD	lou.forconi@9round.com; nancy.forconi@9round.com
<b>Oklahoma</b>					
<b>Oregon</b>					
Twenty-Two 5 Fitness, LLC LeeAnn Talbott	TBD	Lake Oswego	OR	TBD	LeeAnn.Talbott@9round.com
<b>Pennsylvania</b>					
<b>Rhode Island</b>					
<b>South Carolina</b>					
<b>South Dakota</b>					
<b>Tennessee</b>					
Phoenix Kelley Incorporated Karen Smith	TBD	Juliet	TN	TBD	Karen.smith@9round.com
Marshall Williams	TBD	Memphis	TN	TBD	Marshall.Williams@9round.com
<b>Texas</b>					
SL Fitness, LLC Tracy Schrader, Chris Loper	TBD	Allen	TX	TBD	Tracy.Schrader@9round.com; chris.Loper@9round.com
Stormy Johnson	TBD	Austin	TX	TBD	stormy.johnson@9round.com
Reimer4 Inc. Shepley Reimer	646 W. FM 78 #139	Cibolo	TX	78108	Shepley.reimer@9round.com
Claudia Ozuna, Belinda Cristina Benavides Garcia	TBD	Conroe	TX	TBD	Claudia.Ozuna@9round.com
Maham Fitness LLC Thompson Abraham, Susy Abraham	TBD	Cypress	TX	TBD	thompson.abraham@9round.com
Maruti Corp Hemal Patel	TBD	Dallas	TX	TBD	hemal.patel@9round.com
SL Fitness, LLC Tracy Schrader, Chris Loper	TBD	Dallas	TX	TBD	Tracy.Schrader@9round.com; Chris.Loper@9round.com

Mountain Star Ventures, LLC Martha Arana	TBD	El Paso	TX	TBD	Martha.Arana@9round.com
Scherer Force LLC Crystal Scherer, James Scherer	TBD	Georgetown	TX	TBD	crystal.scherer@9round.com
Xstrom Enterprises, LLC Pete Ekstrom, Myla Ekstrom	TBD	Houston	TX	TBD	pete.ekstrom@9round.com; myla.ekstrom@9round.com
<del>Stanley Eapen, Ashish Gugnani</del>	<del>TBD</del>	<del>Houston</del>	<del>TX</del>	<del>TBD</del>	<del>stanley.eapen@9round.com; ashish.gugani@9round.com</del>
Tip-Top Fitness, LLC Rick Martinez	TBD	Houston	TX	TBD	rick.martinez@9round.com
<del>Stanley Eapen, Ashish Gugnani</del>	<del>TBD</del>	<del>League City</del>	<del>TX</del>	<del>TBD</del>	<del>stanley.eapen@9round.com; ashish.gugani@9round.com</del>
Tana Crowe 1 Round Inc. Tana Crowe	TBD	North Richland Hills	TX	TBD	tana.crowe@9round.com
Surround Enterprises Inc. Katrina Gonzalez, Josh Gonzalez	TBD	San Antonio	TX	TBD	josh.gonzalez@9round.com katrina.gonzalez@9round.com
Big Tex Taylor, LLC Brian Taylor	TBD	Southlake	TX	TBD	Brian.taylor@9round.com
K&M Fitness, LLC Melissa Senich	TBD	Sugar Land	TX	TBD	melissa.senich@9round.com
ADD Feisty Fitness, Inc. Angelic Davis	TBD	Sugar Land	TX	TBD	Angelic.Davis@9round.com
<b>United States Virgin Islands</b>					
<b>Utah</b>					
<b>Vermont</b>					
<b>Virginia</b>					
Colleen Heron, Todd Heron	TBD	Manassas	VA	TBD	Todd.Heron@9round.com; Colleen.Heron@9round.com
<b>Washington</b>					
<del>L &amp; J Fitness LLC Leland Gardner, Myintzu Win Gardner</del>	<del>TBD</del>	<del>Ballard</del>	<del>WA</del>	<del>TBD</del>	<del>leland.gardner@9round.com; myintzu.win-gardner@9round.com</del>
Team Ketter, LLC Zack Ketter	TBD	Bellevue	WA	TBD	zack.ketter@9round.com
<del>Effie Condie, Truong Luu</del>	<del>TBD</del>	<del>Bellevue</del>	<del>WA</del>	<del>TBD</del>	<del>truong.luu@9round.com; Effie.Condie@9round.com</del>
KAT Fitness Nicole Derryberry, Jeff Derryberry	TBD	Richland	WA	TBD	Jeff.Derryberry@9round.com Nicole.Derryberry@9round.com
<b>West Virginia</b>					
<b>Wisconsin</b>					
<b>Wyoming</b>					

### Franchisees Who Left the System as of December 31, ~~2023~~2024

The following is a list of former franchisees who had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during our most recently completed year ending December 31, ~~2023~~2024, or who have not communicated with us within 10 weeks of the issuance date of this Franchise Disclosure Document.

#### Transfer of Interest:

Franchisee	City	ST	Phone or Email
<del>Scott Shepherd, Jeremy Bryant, Rajvinder Singh</del> <u>Justin Collins</u>	<del>Auburn</del> <u>Foley</u>	AL	<del>Scott.ShepherdJustin.Collins@9round.com</del>
<del>Brandi Jackson</del> <u>Tamiya Fishel</u>	<del>Tusealoosa</del> <u>Jacksonville</u>	<del>AL</del> <u>FL</u>	<del>Brandi.Jackson</del> <u>Tamiya.Fishel@9round.com</u>
<del>Scott Shepherd, Jeremy Bryant, Rajvinder Singh</del>	<del>Tusealoosa</del>	AL	<del>Scott.Shepherd@9round.com</del>
<del>Jay Davitt<sup>†</sup></del>	<del>Bentonville</del>	<del>AR</del>	<del>Jay.Davitt@9Round.com</del>
<del>Jonathan Hollingsworth, Nicole Hollingsworth</del>	<del>Phoenix</del>	AZ	<del>Brad.Hollingsworth@9round.com</del>
<del>Keba Arnold</del>	<del>Sacramento</del>	CA	<del>Keba.Arnold@9round.com</del>
<del>Damien Signori</del> <u>Paula Rivas and Leonardo Fontana</u>	<del>Orlando</del> <u>Fort Lauderdale</u>	FL	<del>Paula.Rivas</del> <u>Damien.Signori@9round.com</u>
<del>Alfredo Brown<sup>†</sup>, Gabby Brown<sup>†</sup></del>	<del>Weston</del>	FL	<del>Alfredo.Brown@9Round.com</del>
<del>Craig Valier</del> <u>Roni Meyerhoff</u>	<del>Marietta</del> <u>Avon</u>	<del>GAIN</del>	<del>Roni.Meyerhoff</del> <u>Craig.Valier@9round.com</u>
<del>Kyle Logue</del> <u>Mohamed Farhat</u>	<del>Northville</del> <u>Chelmsford</u>	<del>MI</del> <u>MA</u>	<del>Mohamed.Farhat</del> <u>Kyle.logue@9round.com</u>
<del>Jam Luong</del> <u>Geoffrey Rich<sup>†</sup></u>	<del>Golden Valley</del> <u>Millbury</u>	<del>MN</del> <u>MA</u>	<del>Geoffrey.Rich</del> <u>Bo.Luong@9round.com</u>
<del>Abel McGee</del> <u>Dove Thompson</u>	<del>Hendersonville</del> <u>Gladstone</u>	<del>MO</del> <u>NV</u>	<del>Dove.Thompson</del> <u>Abel.mcgee@9round.com</u>
<del>Dave Mazany</del> <u>Clint Kirkpatrick, Kimberly Kirkpatrick</u>	<del>Independence</del> <u>Las Vegas</u>	<del>MO</del> <u>NV</u>	<del>Clint.Kirkpatrick</del> <u>Dave.mazany@9round.com</u>
<del>Marlene Twehous</del>	<del>St. Peters</del>	MO	<del>Marlene.Twehous@9round.com</del>
<del>John Teeling, Tracy Teeling</del> <u>Kristan Brown, Wesley Brown</u>	<del>Concord</del> <u>Charlotte</u>	NC	<del>Wesley.Brown</del> <u>John.teeling@9round.com</u> <u>Tracy.teeling@9round.com</u>
<del>Angela Maskill and Paul Maskill</del>	<del>Holly Springs</del>	NC	<del>Angela.Maskill@9round.com</del>
<del>Steve Madden, Christine Madden</del>	<del>Fairlawn</del>	OH	<del>Steven.Madden@9round.com</del>
<del>Halle Wallace</del>	<del>Murfreesboro</del>	TN	<del>Halle.Neely@9round.com</del>
<del>Charles Clements, Jessica</del>	<del>Austin</del> <u>Katy</u>	TX	<del>Jessica.Clements</del> <u>Stormy.johnson@9round.com</u>



<u>ClementsStormy Johnson<sup>1</sup></u>			
<u>Carson Tucker, Lauren Tucker</u>	<u>Katy</u>	<u>TX</u>	<u>Carson.Tucker@9round.com</u>
<u>Michael L. Reeter, Tatiana Penners</u>	<u>New Braunfels</u>	<u>TX</u>	<u>Lance.Reeter@9round.com</u>
<u>Michael L. Reeter, Tatiana Penners</u>	<u>New Braunfels</u>	<u>TX</u>	<u>Lance.Reeter@9round.com</u>
<u>Patricia Kettlewell, Casey Kettlewell, Susan Kettlewell</u>	<u>Richmond</u>	<u>TX</u>	<u>Casey.Kettlewell@9round.com</u>
<u>Carlos De La Cruz, Annette De La Cruz</u>	<u>San Antonio</u>	<u>TX</u>	<u>Annette.Delacruz@9round.com</u>
<u>Ross FloresDenise Cowan</u>	<u>Virginia BeachCharlottesville</u>	<u>VA</u>	<u>Denise.CowanRoss.flores@9round.com</u>
<u>Nicole Derryberry, Jeff Derryberry</u>	<u>Kennewick</u>	<u>WA</u>	<u>Jeff.Derryberry@9round.com</u>
<u>Timothy Olson<sup>1</sup></u>	<u>Tacoma</u>	<u>WA</u>	<u>Tim.Olson@9round.com</u>

Note 1: This franchisee continues to maintain ownership interest(s) in other 9Round Centers.

#### Terminations:

Franchisee	City	ST	Phone or Email
<u>PueloGHL Fitness Inc.</u> <u>Stephanie Puelo<sup>2</sup>Ryan Steff,</u> <u>Chrissie Steff<sup>2</sup></u>	<u>AuburnChandler</u>	<u>AZAL</u>	<u>(480) 756-</u> <u>6608Ryan.steff@9round.com</u> <u>Chrissie.steff@9round.com</u>
<u>Puelo Fitness Inc.</u> <u>Stephanie Puelo<sup>2</sup>Jim Jams Gym,</u> <u>LLC</u> <u>Justin Collins<sup>2</sup></u>	<u>Gulf ShoresPhoenix</u>	<u>AZAL</u>	<u>(602) 354-</u> <u>3990Justin.collins@9round.com</u>
<u>AstrologoSVH Fitness, LLC</u> <u>Ana Astrologo, Tiffany</u> <u>Astrologo<sup>2</sup>Valasta Duffy<sup>2</sup></u>	<u>ChicoScottsdale</u>	<u>CAAZ</u>	<u>(530) 809-</u> <u>2654Valasta.duffy@9round.com</u>
<u>HJJ Family, Inc.</u> <u>John Han<sup>2</sup></u>	<u>Alameda</u>	<u>CA</u>	<u>John.han@9round.com</u>
<u>SkylineWho You Calling A Girl</u> <u>Fitness International LLC</u> <u>Grace Leigh, Quan Zou<sup>2</sup>Charise</u> <u>McCondichie<sup>2</sup></u>	<u>Corona Del MarEmeryville</u>	<u>CA</u>	<u>(949) 866-</u> <u>5499Charise.m@9round.com</u>
<u>ROC &amp; Company</u> <u>Josephine Castaneda, Oliver</u> <u>Bundalian, Randy Bundalian,</u> <u>Rico Bundalian, Romeo</u> <u>Bundalian<sup>2</sup>Awesome Fit, LLC</u> <u>Nandu Tangella<sup>2</sup></u>	<u>IrvineEl Dorado Hills</u>	<u>CA</u>	<u>(916) 936-</u> <u>0924Nandu.tangella@9round.com</u>
<u>Tim Cahill<sup>2</sup></u>	<u>Elk Grove</u>	<u>CA</u>	<u>(916) 400-9913</u>
<u>Ryan Cleaves<sup>2</sup></u>	<u>Fresno</u>	<u>CA</u>	<u>(559) 373-0157</u>
<u>Jason Wong<sup>-1,2</sup>Wong<sup>2</sup></u>	<u>PleasantonLivermore</u>	<u>CA</u>	<u>(925) 583-</u> <u>5525Jason.wong@9round.com</u>
<u>Tres AmigasTorguson</u> <u>Enterprises, LLC</u> <u>Adrienne Chargin, Heather</u> <u>Hoskins<sup>2</sup>Mark Torguson<sup>2</sup></u>	<u>Sacramento</u>	<u>CA</u>	<u>(916) 400-</u> <u>4553Mark.torguson@9round.com</u>

Alex Brown <sup>2</sup>	San Clemente	CA	(949) 218-7271
Jennifer Konzen, Tim Konzen <sup>2</sup> Hit to Fit Lifestyle, LLC Brandon Danieli, Milissa Danieli <sup>2</sup>	San Diego	CA	(858) 485-9292 Brandon.danieli@9round.com
Angela Rose, Manny Diaz <sup>2</sup> Nilda Santiago <sup>2</sup>	Walnut CreekTarzana	CA	(925) 900-1036 Nilda.santiago@9round.com
Evolution Energy PartnersHerzog Ricci LLC Casey Korejwo, Jason H Gaines <sup>1</sup> Melissa Herzog, Anthony Ricci <sup>2</sup>	UplandCentennial	COCA	(720) 515-6079 Melissa.herzog@9round.com Anthony.ricci@9round.com
KEJ Enterprises LLC Melissa Lantz <sup>1,2</sup> Lantz <sup>2</sup>	Colorado Springs	CO	(719) 282-8563 Melissa.lantz@9round.com
Cleveland Fitness, LLC Jon Cleveland <sup>2</sup> Anne Lee-Haizlip McRea <sup>2</sup>	Fort CollinsDenver	CO	(970) 458-3403 Anne.lee@9round.com
TMMC Jones Corp Melanie Jones, Todd Jones <sup>2</sup> Staci Bartles <sup>2</sup>	Highlands RanchDenver	CO	(303) 974-5245 Staci.bartles@9round.com
Evolution Energy Partners LLC Casey Korejwo, Jason H Gaines <sup>1,2</sup>	Parker	CO	(303) 840-4694
GT Ripped Fitness 2, LLC Donna Heavens, Christian Heavens, Donna Heavens <sup>1,2</sup>	WilmingtonNewark	DE	(302) 525-6045 Donna.heavens@9round.com Christian.heavens@9round.com
CMinspires, DCM Fitness LLC Candace Michulka <sup>2</sup> Daniel Maradiaga, Christina Maradiaga <sup>2</sup>	ClermontWilmington	DEFL	(302) 543-2545 Daniel.maradiaga@9round.com Christina.maradiaga@9round.com
221 E PalmettoG&JP Fitness LLC John ElashGaspard Masseur, Jean-Pierre Camara Mora <sup>2</sup>	Fort LauderdaleBoea Raton	FL	(561) 403-4625 Jean.camaramora@9round.com
Baldassarra Investments Inc. Piero Baldassarra, Stefany BaldassarraTammy Ewing <sup>2</sup>	BoyntonJensen Beach	FL	(561) 732-9889 Tammy.ewing@9round.com
Rakesh Bhandari, Jai Bhandari <sup>2</sup>	Lake Mary	FL	Rakesh.bhandari@9round.com Jai.bhandari@9round.com
One Round at a Time LLC Kim Rymanowski, Mitchell Rymanowski <sup>1,2</sup> Mitch Rymanowski <sup>2</sup>	ClearwaterLand O' Lakes	FL	(727) 999-1225 Kim.rymanowski@9round.com Mitch.rymanowski@9round.com
Baldassarra Investments Inc. Piero Baldassarra, Stefany Baldassarra <sup>2</sup>	Delray Beach	FL	(561) 318-7904
One Round at a Time LLC Kim Rymanowski, Mitchell Rymanowski <sup>1,2</sup> Mitch Rymanowski <sup>2</sup>	New Port RicheyDunedin	FL	(727) 251-1550 Kim.rymanowski@9round.com Mitch.rymanowski@9round.com
SRT Athletics, LLC Ramon Torres, Michelle Watson-Torres <sup>2</sup> Rosebush Properties, Inc. Kayla Bushman, Brandon Bushman <sup>2</sup>	OrlandoLakeland	FL	(863) 816-3452 Kayla.bushman@9round.com Brandon.bushman@9round.com
Monster So In Fitness Group, LLC	ClarksvilleOrlando	FLIN	(407) 776-8001 Louwana.ball@9round.com

Dan Wessman Louwana Ball <sup>2</sup>			
Jonathan Musillo <sup>2</sup> Etham Fitness Inc. Chase Booth, Jennifer Booth <sup>2</sup>	Granger Palm Beach Gardens	FLIN	(561) 410-5959 Chase.booth@9round.com Jennifer.booth@9round.com
David Belot <sup>2</sup>	St. Petersburg	FL	(727) 519-6947
Level 3 Solutions Corp Justin Harris <sup>2</sup>	West Palm Beach	FL	(561) 827-3131
Jab Cross, Toe2Toe Fitness LLC Martin Greene, Suzanne Greene <sup>2</sup> Adam Turk, Megan Turk <sup>2</sup>	Buford Shawnee	GAKS	(678) 828-7085 Adam.turk@9round.com Megan.turk@9round.com
Omega Stephens <sup>2</sup> Dee Lobo Fit Inc. Destiny Lopez <sup>2</sup>	Worcester Columbus	GAMA	(706) 229-6399 Destiny.lopez@9round.com
Flying Castle Games, LLC Clint McGill, Kelly McGill <sup>2</sup>	Dacula	GA	(678) 743-4506
April Moss <sup>2</sup>	Kennesaw	GA	(770) 284-9520
Brent James A. Bean, Suzie Bean <sup>2</sup> Dick Jr. <sup>2</sup>	Eastpointe West Des Moines	IA MI	(515) 223-7290 James.dick@9round.com
V Eight Ventures, LLC Becky Venuti <sup>1+2</sup> Venuti	Edwardsville Creve Coeur	IL MO	(618) 307-5105 Becky.venuti@9round.com
J2911, TNT Fitness LLC Jeff Jenkins <sup>2</sup> Tess Carlson <sup>2</sup>	Eden Prairie Overland Park	KSMN	(913) 402-9999 Tess.carlson@9round.com
MRVH Highlands Willis Kickboxing, LLC Matthew Hegele <sup>2</sup> Corey Willis <sup>2</sup>	Louisville Billings	KY MT	(502) 509-1450 Corey.willis@9round.com
RTA138 Limited Liability Company Rhace Akers <sup>2</sup>	Omaha	NE	Rhace.akers@9round.com
RTA138 Limited Liability Company Rhace Akers <sup>2</sup>	Omaha	NE	Rhace.akers@9round.com
Manna Health LLC Leonardo Araujo <sup>2</sup>	Somersworth	NH	Leonardo.araujo@9round.com
Cape Fear Kickboxing Inc. Lynnette Spinelli, Perry Spinelli <sup>2</sup>	Wilmington	NC	Lynnette.spinelli@9round.com Perry.spinelli@9round.com
South Kickboxing LLC Matthew Kennedy, Tara Kennedy <sup>2</sup> Patrovsky <sup>2</sup>	Sparks Lafayette	LANV	(337) 415-9763 Matthew.patrovsky@9round.com
Mary Geary <sup>2</sup> Move 4ward Corp Roberth Chinga, Nakia Colon <sup>2</sup>	Weymouth Mt. Vernon	MANY	(339) 201-4970 Roberth.chinga@9round.com Nakia.colon@9round.com
Brandes Unlimited Ketura Brandes <sup>2</sup> Pro-Fitness, LLC Dale Cousino, Colbi Cousino <sup>2</sup>	Sylvania Woodhaven	MIOH	(734) 544-5425 Dale.cousino@9round.com Colbi.cousino@9round.com
SG McIntosh LLC Scott McIntosh <sup>2</sup> Damen Bleiler, Crystal Bleiler <sup>2</sup>	Kansas City Salem	MOOR	(816) 734-9900 Damen.bleiler@9round.com
Penelope Blake Kicks Inc. Leslie Deitch <sup>2</sup>	Bluffton	SC	Leslie.deitch@9round.com
Blue Arrow Arzu Fitness, LLC Keli Johnson, Rob Johnson <sup>2</sup> Chris Arzu <sup>2</sup>	Jefferson City Irmo	MO SC	(573) 895-3242 Chris.arzu@9round.com

Sparked, A-Squared LLC Carrie Ballenger, Dean Ballenger <sup>2</sup> Carey Feller, Rob Feller <sup>2</sup>	St. Charles Sioux Falls	MO SD	(636)-493-1943 Carey.feller@9round.com Rob.feller@9round.com
Michelle Rensen <sup>2</sup>	Bozeman	MT	(406)-545-3323
Team-FetzJARice Inc. Benjamin-Fetzer <sup>2</sup> Josh Rice <sup>2</sup>	Hendersonville Concord	NC TN	(704)-795-2716 Josh.rice@9round.com
R&J Fitness, LLC Robert Martinez, Jennifer Martinez <sup>2</sup>	Coppell	TX	Robert.martinez@9round.com Jennifer.martinez@9round.com
BAAMI LLC Brenda Acosta, Alex Acosta, Aaron Acosta, Meredith Conlon <sup>2</sup>	Cypress	TX	Brenda.acosta@9round.com Alex.acosta@9round.com Aaron.acosta@9round.com Meredith.conlon@9round.com
Cypresswood Fitness Gurus Corp. LLC <sup>2</sup> John Burkart <sup>1,2</sup> Denis DiDonato, Karla DiDonato <sup>2</sup>	Harrisburg Houston	NC TX	(704)-455-7535 Denis.didonato@9round.com Karla.didonato@9round.com
Get-After-It MC Boxing Enterprise LLC Melissa Vettel, Teresa Vettel, Tim Vettel, Todd Vettel <sup>1,2</sup> Saldivar <sup>2</sup>	Papillion Houston	NE TX	(402)-326-1618 Melissa.saldivar@9round.com
Invincible Modus, LLC Matthew Patrovsky <sup>1,2</sup>	Reno	NV	(775)-420-5960
Ingrid Ioan-Sanders, Jeff Ioan-Sanders <sup>2</sup>	Beaverton	OR	(503)-372-5166
9Round Gastonia Inc. <sup>1,2</sup>	Lake-Wylie	SC	(803)-619-4533
Michael Noyes <sup>2</sup>	Addison	TX	(972)-882-6465
Hemal Patel <sup>2</sup>	Carrollton	TX	(662)-417-7383
Vincent Rosas Jr. <sup>2</sup>	College Station	TX	(979)-696-2150
Hemal Patel <sup>2</sup>	Dallas	TX	(469)-465-5603
Hemal Patel <sup>2</sup>	Dallas	TX	(469)-554-0368
Myla Pxtrom Enterprises, LLC Pete Ekstrom, Pete Ekstrom <sup>1,2</sup> Myla Ekstrom <sup>2</sup>	Houston	TX	(281)-888-3790 Pete.ekstrom@9round.com Myla.ekstrom@9round.com
Myla Ekstrom, Pete Ekstrom <sup>1,2</sup> ReViViFyre, LLC Stanley Eapen, Ashish Gugnani <sup>2</sup>	Houston	TX	(281)-888-3790 Stanley.eapen@9round.com Ashish.gugnani@9round.com
UncommonSL Fitness, LLC Sara Whittle <sup>2</sup> Chris Loper, Tracy Schrader <sup>2</sup>	Irving Hurst	TX	(817)-510-3309 Chris.loper@9round.com Tracy.schrader@9round.com
Melissa Senich <sup>2</sup>	Missouri City	TX	Melissa.senich@9round.com
She Beast Fitness Enterprise, LLC Cheryl Torres <sup>1,2</sup> Torres <sup>2</sup>	Midland Odessa	TX	(432)-247-5850 Cheryl.torres@9round.com
Surround Enterprises Inc. Joshua Gonzalez, Katrina Gonzalez <sup>1,2</sup> 4H Fitness LLC Alexis Howard, James Howard <sup>2</sup>	San Antonio	TX	(210)-374-9763 Alexis.howard@9round.com James.howard@9round.com

<del>Corrine Zurita, Manuel Zurita<sup>2</sup>Holy Half-Dozen Fitness LLC</del> <del>Byron McWilliams, Jordon McWilliams<sup>2</sup></del>	<del>San Antonio</del> <del>Marcos</del>	<del>TX</del>	<del>(210) 460-7588</del> <del>Byron.mcwilliams@9round.com</del> <del>Jordon.mcwilliams@9round.com</del>
<del>La Place Anders, LLC</del> <del>Jeff Provost<sup>2</sup>Mulder's Mettle Corp.</del> <del>Charlie Mulder, Mason Mulder<sup>2</sup></del>	<del>The Colony</del> <del>Tomball</del>	<del>TX</del>	<del>(972) 332-5585</del> <del>Charlie.mulder@9round.com</del> <del>Mason.mulder@9round.com</del>
<del>Petroechi Investments, Pausumco LLC</del> <del>Cecilia Petroechi<sup>2</sup>Sumer Dawson, Paul Dawson<sup>2</sup></del>	<del>The Woodlands</del> <del>Trophy Club</del>	<del>TX</del>	<del>(281) 303-5707</del> <del>Sumer.dawson@9round.com</del> <del>Paul.dawson@9round.com</del>
<del>Petroechi Investments</del> <del>Toned Fitness, LLC</del> <del>Cecilia Petroechi<sup>2</sup>Brandon Moss, Rachel Moss<sup>2</sup></del>	<del>The Woodlands</del> <del>Highland</del>	<del>TX</del> <del>UT</del>	<del>(281) 651-2746</del> <del>Brandon.moss@9round.com</del> <del>Rachel.moss@9round.com</del>
<del>AG Floyd Inc.</del> <del>Aaron Floyd<sup>2</sup>Toned Fitness, LLC</del> <del>Brandon Moss, Rachel Moss<sup>2</sup></del>	<del>Victoria</del> <del>Orem</del>	<del>TX</del> <del>UT</del>	<del>(361) 894-6398</del> <del>Brandon.moss@9round.com</del> <del>Rachel.moss@9round.com</del>
<del>Pepper Tyson INC</del> <del>Chris Brown<sup>2</sup>Drutah LLC</del> <del>Jessica Harris<sup>2</sup></del>	<del>Waco</del> <del>Riverton</del>	<del>TX</del> <del>UT</del>	<del>(254) 732-0719</del> <del>Jessica.harris@9round.com</del>
<del>Shapes to Come</del> <del>Hard Six Fitness, LLC</del> <del>Natalie Joslin, Sean Joslin<sup>2</sup>Jamie Palmisano, Sara Palmisano<sup>2</sup></del>	<del>South Burlington</del> <del>Williamsburg</del>	<del>VA</del> <del>VT</del>	<del>(757) 206-1668</del> <del>Jamie.palmisano@9round.com</del> <del>Sara.palmisano@9round.com</del>
<del>Atomic Chain Rattling LLC</del> <del>Liana Sansom, Zachary Sansom<sup>2</sup></del>	<del>Alexandria</del>	<del>VA</del>	<del>Liana.sansom@9round.com</del> <del>Zachary.sansom@9round.com</del>
<del>Atomic Chain Rattling LLC</del> <del>Liana Sansom, Zachary Sansom<sup>2</sup></del>	<del>Springfield</del>	<del>VA</del>	<del>Liana.sansom@9round.com</del> <del>Zachary.sansom@9round.com</del>
<del>Evans Unlimited, LLC</del> <del>Greg Evans<sup>2</sup>Keither Stauffer, Lori Stauffer<sup>2</sup></del>	<del>Kennewick</del> <del>Bonney Lake</del>	<del>WA</del>	<del>(509) 579-4487</del> <del>Keither.stauffer@9round.com</del> <del>Lori.stauffer@9round.com</del>
<del>Lucas Wortman, Marisa Wortman<sup>2</sup>Tim Olsen<sup>2</sup></del>	<del>Spokane</del> <del>Gig Harbor</del>	<del>WA</del>	<del>(509) 315-4016</del> <del>Tim.olsen@9round.com</del>
<del>Alpha Niner, LLC</del> <del>Truong Luu, Effie Condie</del>	<del>Issaquah</del>	<del>WA</del>	<del>Truong.luu@9round.com</del> <del>Effie.condie@9round.com</del>
<del>All Fitness, LLC</del> <del>Anna Amaral</del>	<del>Kirkland</del>	<del>WA</del>	<del>Anna.amaral@9round.com</del>
<del>Breanna McKenny</del>	<del>Appleton</del>	<del>WI</del>	<del>Breanna.mckenny@9round.com</del>

Note 1: This franchisee continues to maintain ownership interest(s) in other 9Round Centers.

Note 2: This franchisee voluntarily abandoned their 9Round Center.

### Non-renewal:

Note 1: This franchisee continues to maintain ownership interest(s) in other 9Round Centers.

### **Ceased Operations Other Reasons:**

Franchisee	City	ST	Phone or Email
<del>24 Hour Fitness USA, LLC</del> <del>Ankin Laysha, Gregg Meheriuk<sup>2</sup></del>	<del>Denver</del>	<del>CO</del>	<del>(720) 505-1929</del>

Cheryl Phen; Sam Phen <sup>1,2</sup>	Brea	CA	(949) 522-1188
24 Hour Fitness USA, LLC Ankin Laysha, Gregg Meheriuk <sup>2</sup>	Fremont	CA	(510) 566-3371
Live Your Life Fitness, LLC Clarissa Singson <sup>2</sup>	Long Beach	CA	(562) 247-0899
The NoLimits Corp Karen Wedsted, Taisha Watkins <sup>2</sup>	Rancho Cordova	CA	(916) 437-4844
24 Hour Fitness USA, LLC Ankin Laysha, Gregg Meheriuk <sup>2</sup>	San Francisco	CA	(415) 535-4990
24 Hour Fitness USA, LLC Ankin Laysha, Gregg Meheriuk <sup>2,3</sup>	San Jose	CA	(562) 247-0899
Red Label Inc. Alejandro Demetre, Michael Chen <sup>2</sup>	San Jose	CA	(408) 352-5808
24 Hour Fitness USA, LLC Ankin Laysha, Gregg Meheriuk <sup>2,3</sup>	Sunnyvale	CA	(415) 535-4990
Baldassarra Investments Inc. Piero Baldassarra, Stefany Baldassarra	Delray Beach	FL	(561) 318-7904
SRT Athletics LK MK Fitness RPB, LLC Ramon Torres Larry Karp, Michelle Watson-Torres <sup>2</sup> Karp, Mark Terrible <sup>2</sup>	Royal Palm Lakeland	FL	(863) 816-3501 michelle@9round.com larry@9round.com
JLS Fitness Corp Brent Shipman, Patricia Shipman <sup>2</sup>	Melbourne	FL	(321) 441-3033
Brandon Bushman, Kayla Bushman <sup>1,2</sup>	Orlando	FL	(407) 778-4616
Changes 4 Your Lifestyle, LLC Kanesha Ivory <sup>2</sup>	Decatur	GA	(404) 343-0286
Rite Cross Fitness Persistence LLC Adam Turk, Megan Turk <sup>1,2</sup> Jeff Jenkins <sup>3</sup>	Overland Park Mission	KS	(913) 808-5650 Jeff.jenkins@9round.com
Willis Kickboxing, LLC Corey Willis <sup>1,2</sup>	Billings	MT	(406) 534-8496
Get After It LLC Melissa Vettel, Teresa Vettel, Tim Vettel, Todd Vettel <sup>1,2</sup>	Lincoln	NE	(402) 326-1618
L.A. Randolph LLC John Lee <sup>2</sup> Austin Randolph, Lisa Randolph <sup>2</sup>	Austin Brick	NJTX	(732) 262-6446 John.lee@9round.com
Dawson Group, Inc. Dennis Carver, Kimberly Carver <sup>2</sup>	Reek Hill	SC	(803) 792-0319
PS Fitness ReViViFyre, LLC Perry Sanford, Shad Pellizzari <sup>2</sup> Stanley Eapen, Ashish Gugnani <sup>3</sup>	Hutto Houston	TX	(512) 504-7380 Stanley.eapen@9round.com Ashish.gugnani@9round.com
Ohana Fitness ReViViFyre, LLC Jessiea Jandayan <sup>2</sup> Stanley Eapen, Ashish Gugnani <sup>3</sup>	Bothe League City	WATX	(425) 236-3497 Stanley.eapen@9round.com Ashish.gugnani@9round.com
Keith Stauffer, Lori Stauffer <sup>2</sup>	Puyallup	WA	(253) 697-0204
RAH Fitness Alpha Niner, LLC Rebecca Haehle <sup>1,2</sup> Truong Luu, Effie Condie <sup>3</sup>	Glendale Bellevue	WIWA	(262) 844-9872 Truong.luu@9round.com Effie.condie@9round.com

Franchisee	City	ST	Phone or Email
<u>Steve Nalbandian</u>	<u>Costa Mesa</u>	<u>CA</u>	<u>Steve.nalbandian@9round.com</u>
<u>Riza Ayson</u>	<u>Fountain Valley</u>	<u>CA</u>	<u>Riza.ayson@9round.com</u>
<u>Steven Liu</u>	<u>Rancho Cucamonga</u>	<u>CA</u>	<u>Steven.liu@9round.com</u>
<u>Paula Rivas, Leonardo Fontana</u> <u>Alejandro Ramos</u>	<u>Aventura</u> <u>Kendall</u>	FL	(786) 301- 4668 <u>Alejandro.ramos@9round.com</u>
<u>Paula Rivas, Leonardo Fontana</u> <u>Alejandro Ramos</u>	<u>Hollywood</u> <u>Miami</u>	FL	(754) 217- 4323 <u>Alejandro.ramos@9round.com</u>
<u>Ira Neasman, Lynne Neasman</u>	<u>Plantation</u>	<u>FL</u>	<u>Ira.neasman@9round.com</u>
<u>Murphy Fitness LLC</u> <u>Michael Murphy</u> <u>Nathan Bell</u>	<u>Springfield</u> <u>Blue Springs</u>	MO	(816) 224- 4990 <u>Nathan.bell@9round.com</u>
<u>Apex Fitness and Health, Inc.</u> <u>Lori Erickson, Mark Erickson</u> <u>David Rispress,</u> <u>Ginida Rispress</u>	<u>Vancouver</u> <u>Columbia</u>	<u>WASC</u>	(360) 448- 7473 <u>David.rispress@9round.com</u>
<u>Jon Gaminde<sup>1</sup></u>	<u>Spartanburg</u>	<u>SC</u>	<u>Ginida.rispress@9round.com</u>
<u>James Riddle, Yvonne Riddle</u>	<u>Keller</u>	<u>TX</u>	<u>James.riddle@9round.com</u>
<u>Noe Meza</u>	<u>McAllen</u>	<u>TX</u>	<u>Noe.meza@9round.com</u>
<u>CINNIE, LLC</u> <u>Cindy Erato, Nicole Semanski</u> <u>Petrina Cain,</u> <u>Gerald Cain</u>	<u>Racine</u> <u>New Berlin</u>	WI	(262) 439- 9337 <u>Petrina.cain@9round.com</u> <u>Gerald.cain@9round.com</u>

Note 1: This franchisee continues to maintain ownership interest(s) in other 9Round Centers.

Note 2: This franchisee voluntarily abandoned their 9Round Center.

Note 3: This franchisee's 9Round Franchise Agreement was terminated as an undeveloped license.

#### ~~Non-renewal:~~

~~Note 1: This franchisee continues to maintain ownership interest(s) in other 9Round Centers.~~

### Affiliate-Owned Centers As of December 31, ~~2023~~2024

South Carolina					
9Round Franchising, LLC	1099 East Butler Road, #109I	Greenville	SC	29607	(864) 297-0015
<del>9Round Franchising, LLC</del>	<del>3712 Pelham Road</del>	<del>Greenville</del>	<del>SC</del>	<del>29615</del>	<del>(864) 213-9862</del>
<del>9Round Franchising, LLC</del>	<del>109 W Stone Avenue, Suite E-4</del>	<del>Greenville</del>	<del>SC</del>	<del>29609</del>	<del>(864) 614-5425</del>
<del>9Round Franchising, LLC</del>	<del>101 McCollum Street</del>	<del>Clemson</del>	<del>SC</del>	<del>29631</del>	<del>(864) 653-9910</del>

**EXHIBIT E**  
**OPERATING MANUAL TABLE OF CONTENTS**



# 9ROUND OPERATING MANUAL

## TABLE OF CONTENTS

Welcome

Section One: Introduction Page 4

Section Two: Brand Standards Page 16

Section Three: Operational Basics Page 33

Section Four: Your 9Round Team Page 40

Section Five: Trainer and Member Requirements Page 46

Section Six: Maintaining your 9Round Club Page 52

**Total: 56**

**EXHIBIT F**  
**COPY OF SAMPLE MEMBERSHIP AGREEMENT**

# 9ROUND FITNESS

[logo]

[locationaddress]  
[clubphone]

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of sex or marital status. The agency that administers compliance with the law is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.

**DATE:** [date]

## PREPAID MEMBERSHIP AGREEMENT

### PARTIES TO THE AGREEMENT

**CLUB INFORMATION:** [irslegalname] d/b/a 9ROUND ("9ROUND," "Company," "we," "our" or "us"), and its successors and assigns

**CLUB OF ENROLLMENT:** [locationname] [locationaddress]

#### MEMBER INFORMATION:

Member Name: [customer] ("Member," "you" or "your")

Email: [email]

Address: [customeraddress]

Birth Date: [dob]

Gender: [gendershort]

Home #: [homephone]

Cell #: [cellphone]

Work #: [workphone]

**BUYER INFORMATION:** (if different from Member; the Buyer is the person paying for services) [buyer] ("Buyer")

### SUMMARY OF TERMS AND ACCOUNT CHARGES

#### 9R-365 (ALL ACCESS) PREPAID MEMBERSHIP BASICS

- As a prepaid member, you are choosing to pay for your entire 9Round membership services up front and in full, subject to the terms of this Agreement. Your prepaid membership entitles you to access the 9Round club during 'trainer led' and 'non-trainer led' business hours.
- Your prepaid membership will run for a fixed Prepaid Term, beginning [agreedate] and ending [contractexpiresdate].
- With limited exception (as described herein), you may not cancel your membership during the Prepaid Term.
- At the end of your Prepaid Term, unless you have taken steps to renew, your prepaid membership will automatically expire.
- Please speak to a sales manager about renewing your membership prior to the expiration of your Prepaid Term to avoid a lapse in service.

### TERMS OF YOUR PREPAID MEMBERSHIP

Membership to begin	[agreedate]
Membership to end	[contractexpiresdate]
Prepaid Term (in months)	[termmonths]
Total Down (including taxes)	[\$[totaldown_inctax]]
Promise to Pay Amount	[\$[totalfinanced_inctax]]
Enrollment/Equipment Fee	[\$[setupfee_inctax]]
Sales Tax Rate	[salestaxperc]
<b>TOTAL DUE NOW</b>	[\$[totaldown_inctax]]

#### OTHER CHARGES/FEES\* (other charges/fees may apply)

Membership Key FOB	First FOB: Free Replacement FOBs: \$15 each
Late Charge	\$20 per late payment
Returned Item Fee (e.g., bounced check; payment returned for insufficient funds)	\$25 per returned item
<b>Annual Enhancement Fee</b>	[enhancementfeedetail]

### PROMISE TO PAY SCHEDULE

[deferreddownschedule]

### AUTHORIZATION FOR PREAUTHORIZED PAYMENTS (All references to "I" or "me" in this section shall refer to you)

By signing below, I am authorizing ClubReady, LLC ("ClubReady"), a third-party billing company located at 333 Ozark Trail Dr., Ste. 50, St. Louis, MO 63011, to initiate transfers, whether by EFT or ACH transfer, from the designated bank account tied to this Agreement for purposes of paying all or a portion of the dues, fees and charges which I owe under the Agreement. I understand and agree that: (a) dues, fees and charges include, but may not be limited to, enrollment/equipment fees, membership dues, service charges, late fees, applicable taxes, and/or fees for uncollected monthly dues; (b) ClubReady may transfer funds from my designated account for any retail transactions or online purchases initiated by me; (c) dues, fees and charges will be drawn on or about the dates set forth in the Promise to Pay Schedule; (d) this preauthorization will remain in effect until all of my payment obligations under the Agreement have been satisfied; (e) charges may appear in my bank statement under the prefix "CLR" followed by my club's name, phone number and state; (f) debited amounts may vary each month based on additional amounts which I may owe under this Agreement, and that while I am entitled to receive notice at least 10 days before being charged, by signing this authorization, I am choosing instead to get notice only when the amount due would differ by more than \$50.00 from my most recent payment; (g) billing inquiries can be directed to ClubReady at 1 (800)

405-4818. I expressly authorize ClubReady, and any of its subsidiaries or affiliates, to contact me regarding any matter related to the billing of my account, whether by phone, email or SMS text communication (please note SMS text charges may apply).

**Buyer's Acceptance:** (electronic signature) [buyer] [signature1]

**Date Signed and Accepted** [agreedate]

**PLEASE BE AWARE THAT IF YOU CHOOSE TO PAY FOR ANY PART OF THIS AGREEMENT IN ADVANCE, YOU ARE PAYING FOR FUTURE SERVICES AND MAY BE RISKING LOSS OF YOUR MONEY IN THE EVENT THIS HEALTH CLUB CEASES TO CONDUCT BUSINESS.**

## **CANCELLATION TERMS**

**RESCISSION.** YOU MAY RESCIND THIS AGREEMENT AT ANY TIME PRIOR TO MIDNIGHT OF THE THIRD (3<sup>RD</sup>) BUSINESS DAY AFTER THE DATE YOU SIGNED THE AGREEMENT. ALL RESCISSION NOTICES MUST BE MADE IN WRITING AND DELIVERED IN PERSON OR SENT BY REGISTERED OR CERTIFIED MAIL TO: [LOCATIONNAME][LOCATIONADDRESS].

**CANCELLATION RIGHTS.** After expiration of the applicable rescission period, you may cancel this Agreement only if you qualify as follows:

**You die or become permanently disabled.** If, by reason of death or permanent disability, you are unable to receive all services for which you contracted, then you or your estate may cancel this Agreement without penalty and receive a pro rata refund, where applicable, for any prepaid sums. A "permanent disability" means a condition which completely prevents you from using the facilities. 9ROUND reserves the right to have your permanent disability verified by a physician. 9ROUND shall retain the value for services already provided prior to your death or the onset of permanent disability.

**TERMINATION OF PREPAID MEMBERSHIP.** If you do not qualify for rescission or cancellation as described above, then you may not terminate your prepaid membership prior to the end of your Prepaid Term. Once your Prepaid Term ends, your prepaid membership will expire automatically. To avoid a lapse in your ability to use 9ROUND's facilities or services, please speak to a 9ROUND sales manager at least 30 days prior to the end of your Prepaid Term.

**REFUNDS.** Any refund due, if any, will be paid to you within the time period prescribed by state law.

**NOTICE.** All notices under this Agreement must be in writing and delivered in person to the club, or sent via registered or certified mail to [locationname] [locationaddress].

## **RELEASE OF LIABILITY; ASSUMPTION OF RISK; INDEMNITY**

USING THIS FACILITY DURING STAFFED AND UNSTAFFED HOURS OWNED BY [irslegalname] D/B/A 9ROUND, OR ANY OTHER 9ROUND FACILITY, INVOLVES THE RISK OF INJURY TO YOU OR YOUR GUEST(S), WHETHER YOU OR SOMEONE ELSE CAUSES IT. SPECIFIC RISKS VARY FROM ONE ACTIVITY TO ANOTHER AND THE RISKS RANGE FROM MINOR INJURIES TO MAJOR INJURIES, SUCH AS CATASTROPHIC INJURIES INCLUDING DEATH. IN CONSIDERATION OF YOUR PARTICIPATION IN THE ACTIVITIES OFFERED BY 9ROUND AT ALL TIMES, YOU UNDERSTAND AND VOLUNTARILY ACCEPT THIS RISK AND RELEASE [irslegalname], AND EACH OF THEIR RESPECTIVE AFFILIATES, AND EACH OF THE OWNERS, OFFICERS, DIRECTORS, EMPLOYEES, VOLUNTEERS, FRANCHISORS, AGENTS AND INDEPENDENT CONTRACTORS THEREOF (THE "RELEASEES"), FROM ALL LIABILITY FOR ANY INJURY, INCLUDING, WITHOUT LIMITATION, PERSONAL, BODILY, OR MENTAL INJURY, ECONOMIC LOSS, OR ANY DAMAGE TO YOU, YOUR SPOUSE, GUESTS, UNBORN CHILD, OR RELATIVES, RESULTING FROM YOUR USE OF 9ROUND, INCLUDING ANY INJURY RELATING TO THE ORDINARY NEGLIGENCE, ACTUAL OR PASSIVE, OF THE RELEASEES OR ANYONE ACTING ON THE RELEASEES' BEHALF OR ANYONE USING 9ROUND FACILITIES, WHETHER RELATED TO EXERCISE OR NOT. IN CONSIDERATION OF YOUR BEING ABLE TO PARTICIPATE IN 9ROUND ACTIVITIES, YOU AGREE TO INDEMNIFY, DEFEND AND HOLD THE RELEASEES HARMLESS AGAINST ANY LIABILITY, DAMAGES, DEFENSE COSTS, INCLUDING ATTORNEYS' FEES, AND ANY OTHER COSTS INCURRED IN CONNECTION WITH CLAIMS FOR BODILY INJURY, WRONGFUL DEATH OR PROPERTY DAMAGE CAUSED BY YOUR NEGLIGENCE OR OTHER ACTS OR OMISSIONS, BOTH AT TIMES WHEN THE FACILITY IS STAFFED AND UNSTAFFED. YOU FURTHER AGREE TO HOLD HARMLESS, DEFEND AND INDEMNIFY THE RELEASEES FROM ALL LIABILITY, DAMAGES, DEFENSE COSTS, INCLUDING ATTORNEYS' FEES, AND ANY OTHER COSTS INCURRED IN CONNECTION WITH CLAIMS FOR BODILY INJURY, WRONGFUL DEATH OR PROPERTY DAMAGE BROUGHT BY YOU, YOUR GUESTS, OR MINORS, EVEN IF THE RELEASEES WERE NEGLIGENT, WHETHER SUCH NEGLIGENCE OCCURRED DURING TIMES WHEN THE FACILITY WAS STAFFED OR UNSTAFFED. FURTHER, YOU UNDERSTAND AND ACKNOWLEDGE THAT THE RELEASEES DO NOT MANUFACTURE FITNESS OR OTHER EQUIPMENT, BUT PURCHASE AND/OR LEASE EQUIPMENT. YOU UNDERSTAND AND ACKNOWLEDGE THAT THE RELEASEES AND 9ROUND ARE PROVIDING RECREATIONAL SERVICES AND MAY NOT BE HELD LIABLE FOR DEFECTIVE PRODUCTS.

**YOU ACKNOWLEDGE AND AGREE THAT YOU HAVE READ THE FOREGOING AND KNOW OF THE NATURE OF THE ACTIVITIES AT 9ROUND.**

## **DISPUTE RESOLUTION (U.S.)**

**Mediation, Arbitration, and Waiver of Jury Trial.** You and 9Round agree that any dispute with 9Round (including its officers, directors, employees, and agents, as well as its franchisor), other than a claim for personal injury, or a claim brought in small claims court, will be resolved exclusively as follows:

- First, through informal discussions with 9Round;
- If those discussions are unsuccessful, by non-binding mediation;
- If that mediation is unsuccessful, by binding arbitration.
- You understand and agree that you are waiving your right to a jury trial.

- The arbitration will take place before a single arbitrator in a location at or near your club of enrollment, and under the then-current and applicable American Arbitration Association (“AAA”) rules ([www.adr.org/Rules](http://www.adr.org/Rules)).
- Arbitration costs will be borne by 9Round in an amount as fairly determined by the arbitrator.

**Class and Representative Action Waiver.** You and 9Round further agree that each may bring claims against the other only in your or its individual capacity, and not as a plaintiff or class member in any purported class or representative proceeding. You also agree not to participate in claims brought in a private attorney general (“PAGA”) or representative capacity, or consolidated claims involving another person’s account if 9Round is a party to that proceeding.

**Opt-Out.** If you do not wish to be bound by these dispute resolution provisions, you may opt out by delivering a written notice via mail or in person to 9Round at [locationname] [locationaddress], or via email to [locationemail] within 30 days after the day you sign this agreement.

**Severability.** If any provisions of this dispute resolution section are deemed unenforceable, those provisions shall be considered omitted and the remaining portions of this dispute resolution section shall remain valid and enforceable.

## GENERAL PROVISIONS

**MEDICAL CONDITIONS.** BEFORE USING 9ROUND’S SERVICES OR FACILITIES, YOU REPRESENT THAT YOU ARE IN GOOD HEALTH AND HAVE NO DISABILITY, IMPAIRMENT, INJURY, DISEASE, OR AILMENT, PREVENTING YOU FROM ENGAGING IN ACTIVE OR PASSIVE EXERCISE OR WHICH COULD CAUSE INCREASED RISK OF INJURY OR ADVERSE HEALTH CONSEQUENCES AS A RESULT OF EXERCISE. YOU ASSUME FULL RESPONSIBILITY FOR YOUR USE OF THE 9ROUND FACILITY AND SHALL INDEMNIFY 9ROUND, ITS AFFILIATES, AGENTS AND EMPLOYEES, AGAINST ANY AND ALL DAMAGES ARISING OUT OF YOUR USE OF THE FACILITIES.

**PROOF OF MEMBERSHIP.** You will receive one membership key fob (the “Membership Fob”) from 9ROUND and must present it to the reception desk personnel each time you enter a 9ROUND facility. Lost Membership Fobs will be replaced for a fee of \$15, which may be adjusted from time to time. The Membership Fob must be replaced if lost. Membership privileges are limited to the person in whose name the Membership Fob is issued. Improper use of the membership will result in confiscation of the Membership Fob and can result in immediate revocation of your membership. If you wish to use 9ROUND’s facilities without your Membership Fob, you will be required to provide proof of identity (e.g., valid driver’s license).

**CUSTOMER SERVICE.** Any questions about this Agreement or issues with your membership can be directed to a 9ROUND manager at [locationname] [locationaddress], or call [clubphone].

**NO HEALTH WARRANTIES.** 9ROUND makes no claims as to medical results that can or may be obtained through use of any 9ROUND facility. 9ROUND has neither suggested nor will it suggest any medical treatment to any of its members; only licensed medical professionals are qualified to give medical advice. You are instructed not to act on the advice given by any 9ROUND employee, unless such advice has been verified by your licensed professional physician.

**CHANGE IN MEMBERSHIP OR BILLING INFORMATION.** You must promptly notify 9ROUND in writing of any changes in your billing information, address or telephone number. You expressly permit 9ROUND, or its authorized billing company, to obtain such updated information through payment card networks, card issuers or other third parties.

**DRESS CODE.** Proper athletic attire and footwear is required. 9ROUND reserves the right to make the final determination in its sole discretion with regard to appropriate attire and footwear.

**SMOKING.** Smoking (including e-cigarettes, chewing tobacco, vapor pens) is prohibited at all times in all 9ROUND facilities.

**LOSS OF PROPERTY.** You and guests are encouraged not to bring valuables onto the premises of a 9ROUND facility. 9ROUND shall not be liable for the disappearance, loss, theft, or damage to personal property, including, among other things, money, jewelry, negotiable securities, and other items left by you or your guests.

**HAND-WRAPS/GLOVES.** Loaner gloves will be provided free of charge for your trial period only. Once you become a member, you are required to use 9ROUND-branded hand-wraps and gloves. For safety and sanitary reasons, no member will be allowed to work out without the required 9ROUND hand-wraps and gloves.

**DESCRIPTION OF SERVICES; HOURS OF ACCESS.** This Agreement entitles you to access the 9ROUND facilities and services during normal business hours, which will be posted at each 9ROUND location. The 9ROUND location offers fixed hours when a trainer (employee) will be present and other fixed hours when no employees will be present. ‘Trainer led’ hours and ‘non-trainer led’ hours will be posted via the club’s location website or in a conspicuous area in the club. ‘Trainer led’ and ‘non-trainer led’ hours vary from 9ROUND location to location. 9ROUND reserves the right to revise its list of available equipment and services at any time for any reason; 9ROUND equipment may include light weights, kettle bells, jump ropes, punching bags and medicine balls. A 9ROUND workout involves a member transitioning between nine different exercise stations in a circuit-type format. Each station exercise lasts three minutes, followed by a 30-second transition and rest period. A bell will sound each time a member should transition to the next exercise station. During ‘non-trainer led’ hours, the 9ROUND workout is dictated by the instructional daily workout screens at each of the nine exercise stations. Specific exercises and/or equipment at each circuit station are subject to change. 9ROUND does not offer individual or group “training classes,” although a 9ROUND trainer (employee) will be present during the ‘trainer led’ hours posted online via the club’s website or in a conspicuous area in the club to offer encouragement and instruction when necessary. Availability of ‘trainer led’ hours are determined by each 9ROUND location and are subject to change. At all other times during normal business hours, you are entitled to access the 9ROUND facilities and services with full knowledge that this may be during ‘non-trainer led’ hours and that your workout will be self-guided by the instructional daily workout screens. All 9ROUND workouts are subject to exercise station availability. Members should participate in only one (1) 9ROUND circuit per visit.

**MINIMUM AGE REQUIREMENT.** The minimum age for 9ROUND membership is ten (10) years old. Minors under the age of eighteen (18) are required to obtain the consent of a parent or legal guardian, who must sign this Agreement and remain responsible for all fees

and other charges. Minors under the age of fifteen (15) must have a parent or legal guardian present at all times during the 9ROUND workout.

**IMAGE USE.** You understand that while on 9ROUND premises, your, or your minor child's image (including live or recorded video images), may be used or shown on the 9ROUND website or social media outlets (Facebook, Instagram, YouTube, etc.), and that by entering the premises you consent to the use of these images.

**NON-DISCRIMINATION.** 9ROUND represents that it will not discriminate against any person because of sex, race, creed, age, color, origin, sexual orientation, or ancestry in considering applications for memberships.

**MEMBERSHIP TERMINATION.** We reserve the right to terminate your membership for any reason not expressly prohibited by law. In the event of termination, we will notify you in person or send you a written notice of termination to your address on file, and refund you any unused prepaid dues.

**ENTIRE AGREEMENT.** Verbal agreements with a 9ROUND employee will not be accepted as valid. Only this Agreement, and all rules and regulations of 9ROUND, as revised from time to time, constitute the entire and exclusive agreement between you and 9ROUND, and supersede all prior written and/or oral promises, representations, understandings and/or agreements relating to this membership purchase.

**INVALID PROVISIONS.** If any part of this Agreement is found to be invalid or unenforceable, the remainder of the Agreement will be valid and enforceable.

**GOVERNING LAW.** This Agreement shall be interpreted under the laws of the State in which you execute this Agreement.

**LIMITED LIABILITY.** Unless prohibited by state law, any award by a court or arbitrator is limited to actual compensatory damages. Neither a court nor an arbitrator can award either party any indirect, special, incidental or consequential damages, even if one party told the other party that they might suffer these damages.

**CONSENT TO CONTACT.** By signing below, you are giving 9ROUND and its authorized vendors express written consent to contact you at the wireless number provided for any matter related to your account, including collection of monies owed, alerts and/or notices regarding your purchased services, and promotions that may be of interest to you. You acknowledge that calls or text messages sent to your mobile phone device may be generated using an autodialing system, and that standard text rates apply. Your consent is not a condition of purchase. You may revoke your consent at any time.

**I AGREE TO THE TERMS OF THIS AGREEMENT**

**Buyer's Acceptance:** (electronic signature) [buyer] **[signature3]**

**Date Signed and Accepted** **[agreedate]**

**COSIGNER (ONLY NEEDED IF MEMBER IS A MINOR OR THERE WILL BE A FINANCIAL CO-SIGNER ON THE ACCOUNT)**

**PARENT/GUARDIAN.** On behalf of my minor child and myself, I agree to all of the provisions of this Agreement, including the provision titled "Release of Liability; Assumption of Risk; Indemnity." I promise to pay any financial obligation that my minor child does not pay for any reason. I understand that my obligations can only end if the Member/guardian properly terminates this Agreement. I expressly agree to the Authorization for Preauthorized Payments described above.

**FINANCIAL COSIGNER.** I promise to pay any financial obligation that the Member/Buyer does not pay for any reason. I also agree to indemnify 9ROUND to the fullest extent permitted by law for any claim brought against 9ROUND by the Member (or Buyer, if different from Member). I understand that my obligations can only end if the Member/Buyer properly terminates this Agreement. I expressly agree to the Authorization for Preauthorized Payments described above.

**Cosigner/Parent/Guardian Acceptance:** (electronic signature) [buyer] **[signature3]**

**Date Signed and Accepted** **[agreedate]**

**EXHIBIT G**  
**SAMPLE FORM OF GENERAL RELEASE AGREEMENT**

**EXHIBIT G**  
**SAMPLE FORM OF GENERAL RELEASE AGREEMENT**

**(Subject to change by 9Round Franchising, LLC)**

(As it pertains to franchises sold in the State of Washington and for the purpose of complying with Washington statutes and regulations: this General Release Agreement does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.)

THIS GENERAL RELEASE AGREEMENT (this “**Agreement**”) is made and entered into between **9Round Franchising, LLC**, a South Carolina limited liability company, (“**we**,” “**us**” or “**9Round**”), [INSERT FRANCHISEE], a \_\_\_\_\_ limited liability company (“**you**” or “**Franchisee**”), and [INSERT GUARANTOR], a resident of \_\_\_\_\_ (a “**Guarantor**”). All capitalized terms not defined in this Agreement have the respective meanings set forth in the Franchise Agreement (as defined below).

**RECITALS**

- A. 9Round and Franchisee are parties to a 9ROUND Franchise Agreement dated \_\_\_\_\_ (the “**Franchise Agreement**”) pursuant to which Franchisee operates a 9ROUND Center located at \_\_\_\_\_ (the “**Center**”).
- B. [NOTE: Describe the circumstances relating to the release.]
- C. In consideration of [INSERT CIRCUMSTANCES] and the representations set forth in the Recitals, subject to the provisions stated below, and Franchisee and Guarantor agree to settle all known and unknown disputes they may have against Franchisor, if any, that exist as of the Effective Date.

**AGREEMENTS**

NOW, THEREFORE, in exchange for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

- 1. [NOTE: Detail the terms and conditions of the release]
- 2. Release and Settlement of Claims.

A. Except as may be prohibited by applicable law, Franchisee and Guarantors (individually and as owners of Franchisee), for themselves and each of their respective heirs, successors, assigns, affiliates, shareholders, directors, officers, employees and agents, and on behalf of any other party claiming an interest through them (collectively and individually referred to as the “**Franchisee Parties**” for purposes of this Section 2), release and forever discharge us, our predecessors, successors, affiliates, directors, officers, shareholders, agents, employees and assigns (collectively and individually referred to as the “**Franchisor Parties**” for purposes of this Section 2) of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which Franchisee Parties may now or in the future own or hold, that in any way relate to the Franchise Agreement, any other agreement between Franchisee and us, the Center, or the relationship between Franchisee and us through the Effective Date (collectively, “**Claims**”), for known or unknown damages or other losses including, but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other agreement between Franchisee Parties and us or our affiliates through and including the Effective Date of this Agreement.

B. The release of Claims set forth in Section 2.A. is intended by the Franchisee Parties to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the



Franchisee Parties against the Franchisor Parties regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Franchisee Parties acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Franchisee Parties' intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. The Franchisee Parties acknowledge that they have had adequate opportunity to gather all information necessary to enter into this Agreement and Release and need no further information or knowledge of any kind that would otherwise influence the decision to enter into this Agreement. The Franchisee Parties acknowledge and agree that the foregoing waiver is an essential, integral and material term of this Agreement. The Franchisee Parties further acknowledge and agree that no violation of this Agreement shall void the release set forth in this Section 2.

3. Miscellaneous. This Agreement, and the documents referred to herein, constitute the entire agreement among the parties with respect to the subject matter hereof. No amendment will be binding unless in writing and signed by the party against whom enforcement is sought. All representations, warranties, agreements and all other provisions of this Agreement which by their terms or by reasonable implication are intended to survive the closing of this transaction will survive it.

4. Representation by Counsel. The parties have had adequate opportunity to consult with an attorney of their respective choice, including with respect to the release of Claims set forth herein.

5. Governing Law/Venue. This Agreement will be construed and enforced in accordance with the laws of the State of South Carolina, without regard to principles of conflicts of law. The parties further agree that any legal proceeding relating to this Agreement or the enforcement of any provision herein shall be brought or otherwise commenced only in the State or Federal courts of South Carolina.

6. Counterparts. This Agreement may be executed by the parties hereto in counterparts, and delivered by e-mail or facsimile, each of which shall be deemed to be an original instrument, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

**US:**

9ROUND FRANCHISING, LLC

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**FRANCHISEE:**

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**GUARANTOR:**

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Date: \_\_\_\_\_

[This General Release will be modified as necessary for consistency with any state law regulating franchising.]

## STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This Franchise Disclosure Document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
California	<del>September 11, Pending</del> 2024
Hawaii	<del>August 29, 2024</del> Pending
Illinois	<del>June 3, Pending</del> 2024
Indiana	<del>May 1, Pending</del> 2024
Maryland	See Separate FDD
Michigan	<del>April 30, Pending</del> 2024
Minnesota	<del>August 7, Pending</del> 2024
New York	<del>May 14, Pending</del> 2024
North Dakota	<del>June 21, Pending</del> 2024
Rhode Island	<del>April 25, Pending</del> 2024
South Dakota	<del>April 30, Pending</del> 2024
Virginia	<del>May 5, Pending</del> 2024
Washington	<del>September 16, Pending</del> 2024
Wisconsin	<del>April 30, Pending</del> 2024

In all other states, the effective date of this Franchise Disclosure Document is the issuance date of April ~~30, 15, 2025~~2024.

**EXHIBIT H**  
**RECEIPTS**

## RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully.

If 9Round Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale (or sooner if required by state law). New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If 9Round Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit A to this disclosure document.

Issuance Date: April ~~30, 15, 2025~~2024

I acknowledge receiving this Franchise Disclosure Document issued on April ~~30, 15, 2025~~2024, (or the date reflected on the State Effective Dates Page), which included the following exhibits:

**EXHIBIT A** – List of State Administrators and List of Agents for Service of Process; **EXHIBIT B** – Financial Statements; **EXHIBIT C** – Franchise Agreement, Sample Renewal Addendum, and State-Specific Addenda; **EXHIBIT D** – Franchisee List; **EXHIBIT E** – Operating Manual Table of Contents; **EXHIBIT F** – Sample Membership Agreement; **EXHIBIT G** – Sample Form of General Release Agreement; **EXHIBIT H** –Receipts

Date FDD Received: \_\_\_\_\_ Signed\*: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date FDD Received: \_\_\_\_\_ Signed\*: \_\_\_\_\_

Print Name: \_\_\_\_\_

\*Signed individually and as an authorized representative of the franchisee company.

### FRANCHISE SELLER'S NAME AND CONTACT INFORMATION:

Shannon Hudson, 847 NE Main Street, Simpsonville, SC 29681, Phone: 864-962-4600.

Brian Burke, 847 NE Main Street, Simpsonville, SC 29681, Phone: 864-962-4600.

You should return one copy of the signed receipt by signing and dating it, and either mailing it to 9Round Franchising, LLC at 847 NE Main Street, Simpsonville, SC 29681, or e-mailing it to franchisedevelopment@9round.com. You may keep the second copy for your records.

**Copy for Franchisee**

## RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully.

If 9Round Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale (or sooner if required by state law). New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If 9Round Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit A to this disclosure document.

Issuance Date: April ~~30, 15, 2025~~2024

I acknowledge receiving this Franchise Disclosure Document issued on April ~~30, 15, 2025~~2024, (or the date reflected on the State Effective Dates Page), which included the following exhibits:

**EXHIBIT A** – List of State Administrators and List of Agents for Service of Process; **EXHIBIT B** – Financial Statements; **EXHIBIT C** – Franchise Agreement, Sample Renewal Addendum, and State-Specific Addenda; **EXHIBIT D** – Franchisee List; **EXHIBIT E** – Operating Manual Table of Contents; **EXHIBIT F** – Sample Membership Agreement; **EXHIBIT G** – Sample Form of General Release Agreement; **EXHIBIT H** – Receipts

Date FDD Received: \_\_\_\_\_ Signed\*: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date FDD Received: \_\_\_\_\_ Signed\*: \_\_\_\_\_

Print Name: \_\_\_\_\_

\*Signed individually and as an authorized representative of the franchisee company.

### FRANCHISE SELLER'S NAME AND CONTACT INFORMATION:

Shannon Hudson, 847 NE Main Street, Simpsonville, SC 29681, Phone: 864-962-4600.

Brian Burke, 847 NE Main Street, Simpsonville, SC 29681, Phone: 864-962-4600.

You should return one copy of the signed receipt by signing and dating it, and either mailing it to 9Round Franchising, LLC at 847 NE Main Street, Simpsonville, SC 29681, or e-mailing it to franchisedevelopment@9round.com. You may keep the second copy for your records.

**Copy for 9Round Franchising, LLC**