

FRANCHISE DISCLOSURE DOCUMENT



ATHLETIC REPUBLIC, INC.
a North Dakota corporation
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You will operate a franchise that provides performance sports training programs to athletes of all ages to maximize their full competitive potential and develop their athletic skills under the Athletic Republic® trademark and other related trademarks.

The total investment necessary to begin operation of an Athletic Republic® Training Center franchise is ~~\$297,500~~299,900 to ~~\$658,673~~,500. This includes ~~\$267,277~~,000 to ~~\$417,432~~,000 that must be paid to the franchisor.

The total investment necessary to develop two (2) Athletic Republic® Training Center franchises under an area development agreement is ~~\$342,500~~344,900 to ~~\$698,718~~,500. This includes (a) a development fee amounting to \$100,000 payable to us upon signing, and (b) the initial investment to begin operations of the initial franchised Training Center you are required to develop within your awarded development area.

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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our Franchise Sales Department, 3126 Quarry Road, Suite F, Park City, Utah 84098, at phone number 435-647-9000.

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

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

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

Issuance Date: March 21, ~~2024~~2025.

How to Use This Franchise Disclosure Document

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

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

What You Need to Know About Franchising *Generally*

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

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

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

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

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

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions 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 B.

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 and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Utah. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Utah than in your own state.
2. **Mandatory Minimum Payment.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
4. **Financial Condition.** The franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the franchisor's financial ability to provide services and support to you.

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.

ATHLETIC REPUBLIC®
DISCLOSURE DOCUMENT

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

To simplify the language in this disclosure document, “we”, “us” or “our” or “AR” means Athletic Republic, Inc. f/k/a Acceleration Products, Inc., the franchisor; “you” or “your” means the person or entity that buys the franchise. If you are a corporation, partnership, or other entity, “you” may also include the franchisee’s owners.

The Franchisor

We are a North Dakota corporation that was incorporated in 1990. Our principal business address is 3126 Quarry Road, Suite F, Park City, Utah 84098. Our telephone number is 435-647-9000. We currently do business under our corporate name and as “Athletic Republic®.” We will accept service of process at our principal business address, except for the states listed in Exhibit B that include an agent for service of process our agent for service of process for each such state shall be that listed for the particular state. We were formerly known as Acceleration Products, Inc. until April 2020, when we changed our corporate name to Athletic Republic, Inc. We have no predecessor or parent company, nor do we have any affiliates that offer franchises in this or any other line of business or provide products or services to our franchisees.

Since our inception we have been studying and developing evidence-based performance sports training standards, programs, and equipment to help athletes of all ages assess their capabilities, maximize their full athletic potential, and improve upon athletic skills defined by speed, power, strength, quickness, agility, proprioceptive awareness, stability, stamina, and overall fitness. We started operating our first training center in 1990.

We began offering franchises for sale in the United States in 2005. Prior to 2005, we offered a license to use our proprietary products. Our existing licensees compete with our franchisees, but do not have overlapping Protected Territories; however, their businesses are not associated with our Trademarks, Service Mark, Trade Name, Logotype, Advertising, or other commercial symbols. We ceased offering licenses for our proprietary products in 2005, but still offer renewal terms to existing licenses and, from time to time, enter into license arrangements with colleges and universities.

As of the end of 20242023, we had 4711 licensees and 3841 open franchisees offering our training programs in the United States and 4 international operators in Australia and Japan for a total of 5956 Training Centers. Additionally, we have 53 U.S. franchises that were not open as of December 31, 20242023. We have no other business activities. We do not sell and have never sold franchises in other lines of business.

The Franchise Offered

You will operate a business designed to provide the highest level of training to athletes to maximize their full athletic potential and improve specialized athletic skills defined by speed, power, strength, quickness, agility, proprioceptive awareness, stability, stamina, and overall athleticism using evidence-based athlete assessment, standards, training programs, technology, and equipment (the “Franchised Business”). We offer to qualified prospects the right to operate a training center at either a free-standing, retail or flex-space location, or co-located location within a Sports Medicine Hospital, Physical Therapy Clinic, SportsPlex, Ice Rink Complex, Health Club or similar facility (the “Training Center”) specified in a Franchise Agreement (the “Franchise Agreement”) to offer our Multi-Sport Acceleration, Hockey Acceleration, Endurance, Recovery, Ground-Based, AR-FITIgnition, In-Season, Play Ready, Adult Fitness, Return-to-Ready, Tactical, Senior, Sensory, Stability, Shoulder-safety, Strength and Skill, Team ~~and~~/ Club and Personal Training Programs and Athlete Assessment (the “Training Programs”) for athletes of all ages and adults.

A “Co-Located Training Center” is a Training Center that is located within another larger facility (typically 2,000 – 5,000 sq. ft.), such as a: Sports Medicine Hospital, Physical Therapy Clinic, SportsPlex, Ice Rink Complex, Recreation Center, Health Club or similar facility.

A “Free-Standing Training Center” is a Training Center that is located as a stand-alone business in an in-line retail, light industrial, flex space, office warehouse, mixed commercial or similar location (typically 3,000 – 6,000 sq. ft.) and may offer, or rent space within the Training Center to, complimentary services, such as: Physical Therapy, Chiropractic Services, Sports Team Offices, Sports Nutrition Counseling, Sports Psychology, Indoor Cycling, Turf / Court / Cage Rental, Birthday Parties, and other related businesses.

You will operate the Franchised Business from a location designated by you and approved by us (the “Franchised Location”). The address of the Training Center and the Franchised Location will be the same.

We also offer to qualified prospects the right to develop multiple Training Centers within a protected territory (“Development Territory”) under the terms of an Area Development Agreement (“Area Development Agreement”). If you sign an Area Development Agreement, you will sign a separate Franchise Agreement for each Training Center developed under your Area Development Agreement, the terms of which may be materially different than those contained in the franchise agreement attached to this disclosure document.

The market for businesses offering training services is well developed in most areas. Your competitors include other national sports training chains, local sports training centers, boutique fitness studios, sports camps, national and local fitness centers, and local coaches. The Training Programs are age appropriate for athletes interested in improving their athletic capabilities by using the products offered by Athletic Republic®. The Franchised Businesses are operated year-round and serves youth, teens, college, club and professional athletes, as well as adults interested in improving athleticism overall fitness and athletic performance. Customer sales and athlete participation may be seasonal by sport.

There are no industry specific national regulations applicable to the operation of performance sports training centers. Many states have laws and regulations applicable to training center contracts, operations and licenses. There are state and federal laws and regulations that regulate the collection of fees. State laws and regulations change from state to state and may affect your operations. You must comply with all applicable laws.

ITEM 2. BUSINESS EXPERIENCE

Director and Chief Executive Officer: Charlie Graves

Mr. Graves has been our Chief Executive Officer and Director since March 2007. He is based in Park City, Utah.

~~Chief Marketing Officer: Lindsay Simpson~~

~~Mrs. Simpson has served as our Chief Marketing Officer since December 2021. Prior to that time, she was our Vice President of Global Marketing since January 2020. Previously, she was the Head of Acquisition and Engagement Marketing for Salt Lake City, Utah based ExpertVoice from December 2018 to January 2020.~~

Chief Operating Officer: Stephanie Fairbourn

Ms. Fairbourn has served as our Chief Operating Officer since April 2022. Previously, she was our in-house Comptroller since November 2019. Prior to that time, she served as our out-sourced Comptroller from

January 2018 to November 2019 while working with other consulting clients for Salt Lake City based, Preferred CFO. She has continued to work as an out-sourced Bookkeeper for Ogden, Utah based CCS Medical, Inc. since January 1995.

Vice President of Sports Performance Training: Kyle Ballew

Mr. Ballew has served as our Vice President of Sports Performance Training since April 2022. Previously, he was our Training Development Coordinator and Training Instructor since July 2018.

Sales and Partnership Manager: Taylor Fletcher

Mr. Fletcher joined us in August of 2018 and is based in Park City, Utah. Mr. Fletcher retired from U.S. Nordic Combined Team after the 2022 Olympics and is a four-time Olympian and OlympicWorld Championship Bronze Medalist.

Marketing Manager: Walter McClenton

~~Mr. McClenton joined the Athletic Republic HQ team in January 2024 as Marketing Manager. Previously he was a remote Partnership Specialist with ParmaCol from January 2023 to January 2024, the Director of Strategic partnerships for AAAB Consulting, working remotely from July 2021 to January 2023, a Corporate Recruiter for Salt Lake City based Savage from January 2022 to October 2022 and Strategic Partnership Manager for BIA (Hay Stack) from January 2020 to December 2021, working remotely for the Las Vegas company.~~

Special Advisor: Peter Barbaresi

Mr. Barbaresi joined Athletic Republic as an Advisor in January 2017 and is based in Dana Point, CA. He was the CEO of Yoga Six which is based in Del Mar, CA from July 2016 until September 2018, and ~~remains as was~~ a Board Advisor to the company.

Technology Consultant: Troy Rutten

~~Mr. Rutten rejoined us in April 2021 and is based in Park City, Utah. He was an Account Director for GMR based in San Francisco from December 2019 June 2013 to April 2021. He previously served as our Chief Marketing Officer from August 2016 to December 2019. January 2025.~~

**ITEM 3.
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4.
BANKRUPTCY**

No bankruptcy is required to be disclosed in the Item.

**ITEM 5.
INITIAL FEES**

Initial Franchise Fees

The following is a description of our standard initial fees:

On the date of the signing of the Franchise Agreement, you shall pay us a lump sum, nonrefundable initial franchise fee of \$55,000 for one Training Center (the “Initial Franchise Fee”).

If (a) you already operate an Athletic Republic® Training Center, (b) you will open and operate one or more Satellite Training Centers, (c) the Satellite Training Center will feature the use of at least one Athletic Republic® Super Running Treadmill, Hockey Treadmill, PlyoFloor, PlyoPlatform, PlyoPress Machine, or MultiHip Machine and (d) the Satellite Training Center will be open for the delivery of Training Programs less than 36 weeks out of any 52 week period during the Term of the Franchise Agreement, you will pay a one-time Satellite Training Fee of \$5,000 for each Satellite location in addition to the Initial Franchise Fee that you would otherwise pay according to the preceding paragraphs.

If you operate a Satellite Training Center, you may request that we grant you the right to convert to a Training Center and receive a Protected Territory that does not conflict with any other Training Center’s Protected Territory, subject to the terms and conditions in the Franchise Agreement. If you make the request to convert a Satellite Training Center to a Training Center, you will pay us an additional Initial Franchise Fee equal to the difference between the Initial Franchise Fee as detailed in the then current Franchise Agreement, less the Satellite Training Fee.

Equipment Purchases

If you will operate a Training Center, you must pay us for producing, or procuring all recommended equipment which we estimate will cost between \$130,000 and \$225,000, depending on the athlete throughput model you select. This amount does not include a ~~\$3035,000~~ fee for on-boarding support, subscriptions, and services, (known as our Business Acceleration Program or ‘BAP’), the \$5,000 payment for Marketing and Promotional Materials, the ~~\$1015,000~~ allocation towards Interior Branding; \$10,000 towards Membership Advertising, and the \$2,500 allocation towards Grand Opening Marketing that are described below. The purchase of the equipment requires a payment equal to 50% of the costs due at the time you order the equipment with the remaining 50%, plus estimated freight, transit insurance and installation charges, due two weeks prior to the equipment shipping to you. The amount of equipment you will buy will depend, in part, in the Training Programs you intend to offer, the size of the Training Center and the desired athlete training capacity. The cost of equipment may increase depending upon the strength and sports-specific equipment you select for your Training Center.

You will be required to pay us between \$4,500 and \$14,500 for the installation of your training equipment and treadmill system(s), and between \$5,000 and \$15,000 for transit insurance, packaging and freight charges incurred in the shipping of the recommended equipment. The estimated fees are payable two weeks prior to shipping the equipment and the balance reconciled, based on actual expenses incurred, within 60 days of the equipment's delivery. See Items 7, 8 and 11 for more information on the payments referenced in this paragraph.

~~A non-refundable “On Boarding Fee” of \$30,000 is due at the time you execute the Franchise Agreement, and this fee covers access to the Business Acceleration Program (“BAP”), as a pre-payment for your on-boarding support, project management services and software; Business Operating Systems (“BOS”) set-up, configuration and software operating subscriptions; access to the Athletic Republic® Academy education system; access to our new hire background check process; floor plan test fit, equipment lay-out, low voltage equipment layout, and interior branding design; pre-opening on-site training and education and other support services.~~

You must pay to us a non-refundable “On-Boarding Fee” of \$35,000 when you sign the Franchise Agreement. This pre-paid fee covers access to the pre-opening Business Acceleration Program (“BAP”), which currently

includes the following: Project management support including weekly calls with us during the pre-opening process and the first two months after you open for business (up to 30 calls); then bi-weekly calls (as needed) with us for the third, fourth, fifth, and six months after you open for business; subscription to the Basecamp Project Management software during the pre-opening period; access to our monthly webinars and weekly open office hours during the pre-opening period; use of the Athletic Republic LockerRoom (our System intranet) and AI Assistant (for use in connection with the LockerRoom) during the pre-opening process; site selection assistance from our selected real estate firm; 2D training center test fits with equipment and turf lay-outs for up to three proposed sites for your Franchised Business location (if you propose more than three sites, you must pay us \$500 per additional test fit) locations; Low Voltage 2D floor plan; access to AR Academy for owner, manager and trainer education including the GM Training Camp at AR-HQ (travel and accommodations are at your expense) prior to opening; equipment selection support and access to distributor pricing for approved suppliers prior to opening; up to four AR email addresses prior to opening; Training Center's Website development, construction and subscription during the pre-opening process; use of the CRM system through the pre-opening process; Lead Management support through the pre-opening process and during the 30-day period after you open; set-up and subscription for the Baseline scheduling / POS software and the KPI Dashboard software during the pre-opening process; set-up and subscription for the Athlete Assessment software during the pre-opening process; recommended position descriptions, Responsibility Matrix during the pre-opening staff hiring process; AR Lead Instructor to be on site (at AR's expense) for 4 days during the first week of the training center's soft-opening, AR Sales Manager to be on site (at AR's expense) for 4 days during the second week of the training center's soft-opening.

The costs associated with the Training Center's Website, emails, LockerRoom access, certain software subscriptions and digital ad placement become part of the BOS (Business Operating System) Fees after the Training Center has opened.

Sports Flooring Purchases

You will be required to pay us between \$15,000 and \$50,000 that will be applied towards the purchase of vulcanized rubber flooring for the equipment area, and (knitted or non-in-fill) synthetic turf for the functional space.

Marketing and Promotional Materials

Included in your equipment order is a payment of \$5,000 to us that will be applied towards the purchase of a Special Event Tent & Kit, Collateral Materials, Promotional Items, Staff Apparel and Premiums.

Interior Branding

Included in your equipment order is a ~~\$40~~15,000 payment to us that will be applied towards the creation and installation of your interior branding elements. Our design team will create an interior brand plan for your training center, and we will apply the Interior Branding credit of ~~\$40~~15,000 towards the installation and purchase of interior branding elements, graphics, and retail display. At your option you may elect to spend additional funds on interior branding materials.

Membership Advertising

As part of the new training center's membership marketing and pre-sale process you will make a payment of \$10,000 to us to be used for online advertising to generate new customer leads.

Grand Opening Marketing

Included in your equipment order is a payment of \$2,500 to us that will be applied towards your Grand Opening Marketing, Social Media, and Public Relations activities that we will direct with your input.

Area Development Fees

If you sign an Area Development Agreement, you must pay us in full a nonrefundable development fee (the “Development Fee”) equal to the Initial Franchise Fee multiplied by the number of Training Centers you agree to develop under the Area Development Agreement. If you sign an Area Development Agreement you must develop a minimum of 2 Training Centers. We offer a discount on the Initial Franchise Fee when you purchase more than one Training Center under an Area Development Agreement. Two (2) Training Center franchises may be purchased for a Development Fee of \$100,000, three (3) Training Center franchises for \$135,000, or four (4) Training Center Franchises may be purchased for a Development Fee of \$165,000. Each additional Training Center franchise, after you have purchased four may be added to an Area Development Agreement for an additional \$30,000 each. On-Boarding Fees apply to each new Training Center you open.

All the payments and fees referenced in this Item 5 are fully earned upon payment and are nonrefundable.

**ITEM 6.
OTHER FEES**

(Type of Fee (Note 1)	Amount	Due Date	Remarks
Royalty	<p>If you operate a Training Center you must pay a Royalty equal to 6% of total Gross Sales, with a minimum of \$350 every week. (Note 2)</p> <p>If you operate a Satellite Training Center you must pay a fixed Royalty of \$200 every week the Training Center is open. (Note 4)</p>	<p>Minimum Royalties are paid every Tuesday by Electronic Funds Transfer (“EFT”). (Note 3). The 6% Royalty payment based on total monthly Gross Sales, less the minimum Royalties paid, is due to us for the prior month, within 30 days of the month el<u>se</u>end.</p>	<p>There is a minimum weekly Royalty payment you must make. You must start paying Royalties beginning on the earlier of the day on which you open the training center or the 365th day after the execution of the Franchise Agreement. <u>Your Training Center’s</u> Monthly Financial Revenue and Expense Data is submitted to us within 30<u>15</u> days of the month’s el<u>se</u>end to determine the Monthly Royalty Amount, and the Royalty Balance due for the preceding month.</p>
Marketing Fee	<p>You must pay a fixed Marketing Fee of \$100 every week.</p>	<p>Marketing Fees are paid every Tuesday by EFT. (Note 3)</p>	<p>We have established a Marketing Fund for the promotion and development of the Athletic Republic brand, System, Approved Services and Training Centers.</p> <p>You must start paying Marketing Fees beginning on the earlier of the day on which your training center opens or the 365th day after the execution of the Franchise Agreement.</p>

Type of Fee (Note 1)	Amount	Due Date	Remarks
			We may increase the Marketing Fee annually upon 30 days ^{days} written notice to you, but we may not increase the Marketing Fee more than one time every three years.
Local Marketing	<p>You must spend a minimum of \$1,000 per month on local marketing, which may include but is not limited to online advertising, local outreach, organic lead development and sponsorships until you reach 150 active members.</p> <p>After reaching 150 members, you are required to invest in local marketing an amount equal to or greater than the amount you must pay in Marketing Fees such year.</p>	Monthly.	<p>All advertising materials must be approved by us prior to use/publication.</p> <p>We may require that you provide us an account of the amounts you spend on local marketing.</p>
Renewal Fee	You must pay us a renewal fee equal to the amount of our actual expenses incurred in granting you the renewal and completing the renewal process.	At the date of execution of the renewal documents.	The renewal fee equals no more than 20% of the Initial Franchise Fee paid under the Franchise Agreement being renewed.
Assignment/ Transfer Fee	You must pay us \$10,000 to Transfer your Franchise rights. The new buyer is responsible for paying the On-Boarding Fee. (Note 6)	At the time the application for transfer is submitted.	This fee is nonrefundable even if, for any reason, the proposed transfer does not occur.
Audit Fee	There will be no charge for this activity unless the audit discloses an understatement (Note 7)	Immediately as incurred.	We have the right to audit upon notice your books, <u>revenue reports</u> , training schedules, athlete accounts, staff schedules and payroll, and other business records during normal business hours.
Relocation	You must pay the Royalty amounts during the time that the Franchised Location is closed due to its relocation. Also, we may charge you for any costs that we incur due to your relocation, including legal fees, floor plans, interior branding plans, and low voltage plans.	Every Tuesday by EFT. (Note 5)	You may not relocate the Franchised Location without our prior written consent.
BOS (Business Operating Systems) Fee	You must pay a BOS Fee of \$600 every month. (Note 8)	On the 5 th of Every Month by EFT (Note 3)	<p>The Business Operating Systems (the “BOS”) Fee provides the necessary software hosting and support for the following services:</p> <p>Access to:</p> <p>a) the Athletic Republic Academy online education resource and use of</p>

€Type of Fee (Note 1)	Amount	Due Date	Remarks
			<p>the Athletic Republic LockerRoom <u>with AI Assistant</u>, a network intranet;</p> <p>b) Athletic Republic Technology (“ART”) suite of services for On-line Scheduling software with integrated Point-of-Sale (POS) processing; athlete assessment; 3PQ Forceplate software; AR Vision video capture software, athlete management and communication capabilities;</p> <p>c) The Sales and Marketing Suite of services includes the Training Center’s website with a system-wide template, initial content, social media integration, business listing on online services and two hours per month of support services to help you manage your website after the initial configuration (additional website support services are available through 3rd party providers for additional fees); the KPI (Key Performance Indicator) dashboard, a content management system (CMS), and up to (4) four email addresses for the Training center staff; and</p> <p>d) The initial set-up and configuration of BOS and the training on how to program and manage the service. Most operators require 4-5 hours of training to set-up and learn to use the software.</p> <p>Additional services are available for additional fees: Payroll Processing system; Quickbooks Online, and outsourced Online accounting services.</p> <p>You are required to use all of the above-mentioned services in the daily operation of your business. You may choose to upgrade services for an additional cost.</p> <p>We reserve the right to introduce other technology and related services that you may be required to acquire</p>

Type of Fee (Note 1)	Amount	Due Date	Remarks
			<p>and utilize in the standard operation of the business.</p> <p>We may increase the BOS Fee upon 60 days' written notice to you, based on the cost and services provided. (Note 7)</p>
Product or Supplier Approval Costs	Cost of inspection and evaluation of any previously unapproved suppliers or products.	After the approval process is completed.	Actual costs to approve a product or supplier will change depending on the circumstances of the product or supplier being approved. See Item 8.
Level 3 Training Registration Fee	<p>Our then-current registration fee associated with Level 3 Training</p> <p>Currently, \$150</p>	Upon registering for Level 3 Training.	<p>You must have the General Manager or Assistant Manager, and/or Membership / Marketing Manager, as well as the Director of Sports Performance Training or Head Trainer attend and successfully complete our Level 1 and Level 2 Education and Certification courses before the date you open your Franchised Business. They must complete the appropriate Level 3 certification course (for Head Trainers <u>and</u>/or Managers) on the next available date it is offered following their hire. Your Training Center must continuously have at least 1 trainer on staff who has earned a Level 3 certification.</p> <p>We charge a registration fee for participating in the Level 3 education and certification courses, which is currently \$150 for the initial registration. Once Level 3 certified, any individual may attend or audit any future Level 3 courses at no cost. The period of the Level 3 training program will be up to 5 days and will be scheduled by us at our discretion and may be delivered virtually. You will be responsible for travel costs, room and board, meals, the salaries, fringe benefits, registration fees and other expenses incurred by you and your employees in attending the training program.</p>

Type of Fee (Note 1)	Amount	Due Date	Remarks
			Training Center team members must re-certify each of their Level 1, 2 and 3 certifications every 5 years.
Special Assistance	\$500 per day per person plus expenses.	Immediately upon receipt of bill.	We provide franchisee requested assistance for unusual or unique operating problems.
<u>GM Training Camp</u>	<u>Our then-current registration fee associated with GM Training Camp</u> <u>Currently, \$150</u>	<u>Upon registering for GM Training Camp.</u>	<u>You, as the Business Owner and/or your General / Assistant Manager must attend the GM Training Camp in-person on the next available date it is offered following their hire.</u> <u>We charge a registration fee for participating in the GM Training Camp, which is currently \$150 for the initial registration. Once the Training Center is open, any Owner or Manager may audit (virtually) any future GM Training Camp courses at no cost. The period of the GM Training Camp will be up to 5 days and will be scheduled by us at our discretion and may be delivered in-person and/or virtually. You will be responsible for travel costs, room and board, meals, the salaries, fringe benefits, registration fees and other expenses incurred by you and your employees in attending the GM Training Camp.</u>
Additional Training	Costs we incur in providing additional training.	As incurred.	
Our Right to Purchase your equipment and inventory upon termination	You will be responsible for all travel expenses, equipment packaging, removal and freight charges (including the specialized tools required for disassembly) equipment purchased or recovered from your Franchised Business. These expenses typically run from \$6,000 to \$20,000.	As incurred.	Upon the expiration or termination of the Franchise Agreement we have the right to purchase, or designate a third party to purchase, all or any portion of the equipment purchased by you in the Equipment Purchase Agreement and any other equipment and any accessories that you subsequently purchased from us or that are required by us.
Interest Charges	18% or highest lawful rate if lower.	Immediately if payments 30 or more days past due.	This charge is in addition to other remedies such as late payment fees.

Notes:

(1) All fees are uniformly imposed by us and are payable to us unless otherwise noted. All fees are non-refundable. Franchisees executing franchise agreements in other years may pay different fees or different amounts.

(2) Minimum Royalty payments are paid every week. At the end of each month, the “Royalty Balance” will be determined by multiplying the Training Center’s total Gross Sales for the month period by 6% to determine the “Monthly Royalty Amount”, then the total Minimum Royalties paid during the month are deducted from the Monthly Royalty Amount to determine the remaining Royalties due to us on or before the 15th day of the following month after the prior month ends. Royalty payments for Satellite Training Centers are a fixed amount. We retain the right to modify the Royalty reporting process and payment schedule against your Gross Sales, at any point in time.

“Gross Sales” includes the total revenues and receipts collected by you from the sale of any of the Products or any services and merchandise related to the Products or in any way utilizing any part of our proprietary Manuals or protocols or adaptations of any part of our proprietary Manuals or protocols, or use of the Athletic Republic[®] Brand regardless of whether sold in your Training Center or at any other place, and whether under any of the Trademarks, Patent Rights or otherwise, including any license, rental and use fees related to the Products. Gross Sales excludes sales taxes. Currently, Gross Sales only includes revenues from training activities or sports practices that utilize any of the Products or in any way utilizing any part of our proprietary Manuals, or any services and merchandise related to the Products or in any way utilizing any part of our proprietary Manuals, protocols or adaptations of any part of our proprietary Manuals or protocols or use of the Athletic Republic[®] brand, the services that fall within the definition of Gross Sales may change as our System evolves.

“Product” means any use of products, Training Program and any services that are offered by you, including all personal training, team training, and small group training, inside or anywhere outside of the Training Center, using any piece of equipment, information, training, products, protocols, the adaptation of protocols (by us or by you), services or know-how that we provide to you pursuant to this Agreement, as we may modify and change them from time to time, regardless of whether such products, training, or services are offered by you for any portion of any training, athlete assessment and testing, or rehabilitation program under the Athletic Republic[®] brand or any of the Trademarks or otherwise, and includes, without limitation, any products, training or services provided by you using any part of the Manuals, protocols, adaptation of protocols (by us or by you), branded apparel, nutritional supplements purchased through our national affiliation or any piece of equipment that we provide to you or require you to have at the Training Center.

(3) You must sign an electronic transfer of funds authorization to authorize and direct your bank or financial institution to transfer electronically to our account and to charge to your account all amounts due to us. Every Tuesday we will send a request to your bank or financial institution to pay us the Minimum Royalties and Marketing Fees owed for the prior week. You shall not revoke the electronic transfer of funds authorization without giving us prior written notice and without first setting up a different electronic transfer of funds authorization under the same terms and conditions of the one being revoked.

(4) A Satellite Training Center is a temporary or seasonal business which is open less than 36 weeks out of any 52-week period. Royalties and Marketing Fees are due every week the Satellite Training Center is open.

(5) If you relocate the Franchised Location to a new location without our prior written consent or without fully complying with the requirements set forth in Section 7 of the Franchise Agreement, such relocation will be void, your interest in the Franchise Agreement will be voluntarily abandoned, and the Franchise Agreement will automatically terminate. Circumstances under which we may approve relocation include those cases in which the market conditions and the dynamics surrounding the original Franchised Location have changed significantly. You do not have the right to relocate if you lose the right to occupy the Franchised Location premises because of the cancellation of your lease due to your breach.

(6) If you choose to transfer your training center to another approved party, you will pay us a \$10,000 Transfer Fee and the transferee will pay us the On-Boarding Fee of ~~\$30~~35,000 at the time the new owner signs the Franchise Agreement.

(7) If the audit shows an understatement of Gross Sales or Royalties or a variance of 5% or more from data reported to us in respect to any other item that is material to the computation of fees or to the analysis of the operation you must pay for the cost of the audit or evaluation, any other related costs that we may incur (including auditors' and attorneys' fees). You also pay for any audit or evaluation that is performed within 3 years from the date of the evaluation that shows the understatement, as well as any other costs that we may incur (including auditors' and attorneys' fees). You must submit to us monthly and annual Financial Reports, directly or through a financial reporting tool we select, that document Training Center Revenue, including total monthly and annual Gross Sales, and Expenses, along with a calculation of the Monthly Royalty Amount and remaining Royalty Balance by the 15th of the month following the end of the prior month. The payment of the remaining Royalty Balance is due to us with the calculation of the Royalty Amount. All financial information provided to us must be presented in the form required from time to time by us in writing.

(8) The Business Operating Systems ("BOS") is a collection of third party software used to operate the Training Center and includes the set-up, configuration and subscription to: a) the Athletic Republic Technology ("ART") suite of services, which includes; On-line Scheduling, Point-of-Sale and Reporting software, Athlete Assessment capabilities, including video analysis software and the software to operate the 3PQ ~~forceplate; forceplate; and~~ access to the Athletic Training Protocols ~~and ScoreCard~~; and b) the Sales and Marketing suite of services, which includes: Website Development, Hosting and Management; Customer Relationship Management (CRM) software, the KPI (Key Performance Indicator) dashboard; and four (4) email accounts. Additional email accounts may be purchased for \$5 per month. Access to the LockerRoom with AI Assistant, our Intranet service, and the Athletic Republic Academy, our online learning system, are included in the BOS fees. The monthly fees may increase (or decrease) as costs and services change over time. You agree to accept the change in monthly pricing as long as we provide 60 days' notice of any change in cost or service level. Any costs or revenue associated with the Athletic Republic APP have not been determined nor factored into the BOS program but may be included at a later date. On the 5th of each month, we will send a request to your bank or financial institution to pay us the BOS Fee owed for that month.

The domain name of your website will be www.city.athleticrepublic.com ("city" refers to a city within your Protected Territory). We will assign your social media identifiers which will reflect a similar format and be consistent with our Brand Standards. Any deviation from the described website name or social media identifiers must be approved in advance in writing by us. You may not own a domain name or social media identifiers that include any part of any of our Trademarks.

**ITEM 7.
ESTIMATED INITIAL INVESTMENT**

A. YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount ¹	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ²	\$55,000 - \$60,000	Lump Sum	On signing Franchise Agreement	Athletic Republic

Type of Expenditure	Amount ¹	Method of Payment	When Due	To Whom Payment is to be Made
Rent – Real Estate	(Note 3)	Lump Sum	Typically, upon Signing Lease	Landlord
Proprietary and Recommended Equipment ⁴	\$130,000 - \$225 <u>230</u> ,000	As Incurred	50% at the time the equipment is ordered, and the remaining 50% two weeks prior to shipment	Athletic Republic
BAP / On-Boarding Fee and Start-up Kit ⁵	\$30 <u>35</u> ,000	Lump Sum	Upon Signing the Franchise Agreement	Athletic Republic
Marketing and Promotional Materials ⁶	\$5,000	Lump Sum	Upon Placing the Equipment Order	Athletic Republic and Vendors
Interior Branding ⁷	\$40 <u>15</u> ,000	Lump Sum	Upon Placing the Equipment Order	Athletic Republic and Vendors
Grand Opening Marketing and Advertising ⁸	\$12,500	Lump Sum	Upon Placing the Equipment Order	Athletic Republic and Vendors
Equipment Packaging, Freight, and Transit Insurance ⁹	\$5,000 - \$15,000	Lump Sum	Estimate paid two weeks prior to Equipment shipping	Athletic Republic
Equipment Installation Charge ¹⁰	\$4,000 - \$20,000	Lump Sum	Estimate paid two weeks prior to Equipment shipping	Athletic Republic
Sports Flooring ¹¹	\$15 <u>10</u> ,000 - \$50,000	As Incurred	As Invoiced	Athletic Republic and Vendors
Leasehold Improvements ¹²	\$0 - \$100,000	As Incurred	As Invoiced	Various Contractors
Exterior Signage ¹³	\$5,000 - \$15,000	As Incurred	As Invoiced	Vendor
Low Voltage Systems ¹⁴	\$5,000 - \$20,000	As Incurred	As Invoiced	Vendor
Furnishings, Fixtures and Computers ¹⁵	\$3,000 - \$10,000	As Incurred	As Invoiced	Various Vendors

Type of Expenditure	Amount ¹	Method of Payment	When Due	To Whom Payment is to be Made
Utilities - 3 Months	\$500 - \$2,000	As Incurred	As Invoiced	Utility Companies
Insurance Premiums ¹⁶	\$2,500 - \$4,000	As Incurred	As Invoiced	Insurance Agency
Wages ¹⁷	\$5,000 - \$24,000	As Incurred	As Incurred	Employees
Training ¹⁸	\$1,000 - \$6,000	As Incurred	As Invoiced	Various Vendors
Additional Funds (3 months) ¹⁹	\$9,000 6,400 - \$50,000	As Incurred	As Incurred	Various Vendors & Employees
Total Initial Investment (excluding real estate)²⁰	\$297,500 \$658 299,900 - \$673,500			

Notes:

(1) We do not offer direct financing to franchisees for any items. All amounts that you pay to us or our affiliates are nonrefundable. Third party suppliers will decide if payments to them are refundable. None of the amounts above include state or local sales taxes, which you may need to pay. You shall be required to pay all taxes, including personal property taxes, based on or in any way deriving from the Franchise Agreement or the purchase of any equipment from us.

(2) The Initial Franchise fee of \$55,000 is for the rights to one franchise. If you decide to purchase the rights to additional Athletic Republic franchises, the price per additional franchise will be reduced, as detailed in Item 5, Area Development Fees. The High-End disclosed includes the \$5,000 training fee to include the right to operate a Satellite Training Center.

(3) The selection of a location for an Athletic Republic Training Center typically includes flex/light-industrial/warehouse space, strip retail, big box and power centers, multi-use commercial, municipal sports centers, sport training complexes, ice rinks, sports medicine centers, health clubs and physical therapy clinics. Training Centers which operate in light-industrial/flex spaces generally pay less per square foot than those in hospitals, strip malls or sports training complexes. Franchisees should attempt to locate themselves in locations where there are multiple middle schools, junior high schools and senior high schools within a 10-mile / 25-minute radius of the Training Center.

Athletic Republic has an affiliation with a national real estate broker who you may choose to utilize for Training Center site identification, selection and the negotiation of a letter of Intent (LOI). You are responsible for hiring and compensating a real estate lawyer to review the lease. Any pre-payment of rent or security deposit is your responsibility.

An average franchised Athletic Republic sports performance training center located in either a flex / light industrial location or remerchandised strip retail center contains between 3,000 sq. ft. - 5,000 sq. ft. of space. The typical 5,000 sq. ft. Athletic Republic Training Center includes functional training space to accommodate

equipment, ~~represented by the higher value~~, to train up to 36 athletes at one time, reception/waiting area, offices, bathrooms, changing areas, showers, room for athlete recovery and the option to sub-lease space to a physical therapist or sports nutritionist or another complimentary third-party service provider. The functional training area must have ceiling heights of at least 12' and have access to either: a) a 220-240 volt/3 phase/20-amp power supply to accommodate each of the AR super treadmills; or b) a 220-240 volt/1 phase/30-amp power supply to accommodate each of the AR-Woodway super treadmills.

If you do not own adequate space for your franchise, you must lease or purchase the land and building for the franchise. The rental and purchase price of real estate varies greatly depending on the market and the size of the leased or purchased area and we cannot provide you with accurate estimates on the costs of renting or purchasing the space for the Franchised Business. Therefore, this Item 7 does not include the costs of renting or purchasing such space or any security deposits that a landlord may require. Your initial investment could be considerably larger than the total initial investment stated herein depending on the price of real estate in your area.

Some metropolitan markets with above average real estate costs (i.e., Chicago, ~~Dallas~~, Miami, New York City, Los Angeles, Orange County, San Francisco Bay Area, Seattle) will have higher initial investment costs than what is provided here.

(4) We will provide or procure the Proprietary and Recommended Equipment to support Athletic Republic's Acceleration, Ignition, ~~AR-FIT~~ Adult Fitness, Endurance, Return 2 Play, Enhanced, Personal, Active, Tactical, Personal, Team and certain other training programs we currently offer and an athlete training through-put of 20 to 40 athletes at one time. Offering Hockey Training with the AR Hockey Treadmill or purchasing other optional equipment would require an additional investment.

There is no refund on any amounts paid for the required equipment from us whether as the result of a cancellation of an order or any other reason. The AR Super Treadmill, the AR-Woodway Super Treadmill, and the Generation III Hockey Treadmill include a shut-off device that is activated annually, or we may activate it in the event that you default on any payments owed to us. We will provide you the code to reactivate the equipment once you are current on all payments owed to us and are otherwise in full compliance with your obligations under the Franchise Agreement.

Given the supply chain challenges and the variability of the price for steel, AR has the right to modify the equipment pricing and equipment selection at any point prior to you placing the equipment order, and the ability to modify pricing and product mix is compliant with the terms and conditions detailed in the Equipment Purchase Agreement.

(5) The Business Acceleration Program ("BAP") or on-boarding package includes: our support from Franchise Agreement signing through the start-up cycle and until your Training Center has reached the ~~36~~ month mark post-opening; ~~use of the and shall include: Project management support including weekly calls with us during the pre-opening process and the first two months after you open for business (up to 30 calls); then bi-weekly calls (as needed) with us for the third, fourth, fifth, and six months after you open for business; subscription to the Basecamp Project Management software; Employee Background Checks during the pre-opening period;~~ access to our ~~online Education Curriculum and participation the Level 3 education and certification courses for Trainers and Manager; configuration, set-up, training~~ monthly webinars and ~~use of BOS services from signing through Grand Opening which include the weekly open office hours during the pre-opening period; use of the Athletic Republic Technology ("ART") software package, and Sales and Marketing suite of software services and access to the Athletic Republic Locker Room; Floor Plan, Low~~

~~Voltage Equipment Plan and Interior Branding Design Plan, having a Level 3 instructor on-site at the LockerRoom (our System intranet) and AI Assistant (for use in connection with the LockerRoom) during the pre-opening process; site selection assistance from our selected real estate firm; 2D training center test fits with equipment and turf lay-outs for up to 5 days~~three proposed sites for your Franchised Business location (if you propose more than three sites, you must pay us \$500 per additional test fit) locations; Low Voltage 2D floor plan; access to AR Academy for owner, manager and trainer education including the GM Training Camp at AR-HQ (travel and accommodations are at your expense) prior to opening to educate; equipment selection support and instruct the General Manager, Sports Performance access to distributor pricing for approved suppliers prior to opening; up to four AR email addresses prior to opening; Training Director and Training Center staff on the use and application of the System and having a AR Sales Manager on site for up to Center's Website development, construction and subscription during the pre-opening process; use of the CRM system through the pre-opening process; Lead Management support through the pre-opening process and during the 30-day period after you open; set-up and subscription for the Baseline scheduling / POS software and the KPI Dashboard software during the pre-opening process; set-up and subscription for the Athlete Assessment software during the pre-opening process; recommended position descriptions, Responsibility Matrix during the pre-opening staff hiring process; AR Lead Instructor to be on site (at AR's expense) for 4 days during the Grand Opening to assist with membership sales and development first week of the training center's soft-opening, AR Sales Manager to be on site (at AR's expense) for 4 days during the second week of the training center's soft-opening.

~~The costs associated with the Training Center's Website, emails, LockerRoom access, certain software subscriptions and digital ad placement become part of the BOS (Business Operating System) Fees after the Training Center has opened.~~

During the pre-sale process prior to Grand Opening and for 30 days after the Grand Opening, the AR sales team will provide sales support services to groom and manage customer leads, book training trials and selling membership, as they work with the Training Center Manager and staff to become proficient in marketing and selling AR Products.

(6) Your \$5,000 pre-paid Marketing and Promotional Materials include: Collateral Materials, (i.e., Free Trial Cards, Business Cards, Brochures); Promotional Materials, (i.e., Pens, Pads, and Folders); Premiums, (i.e., Water Bottles and T-shirts); Staff Apparel; and a Special Event Kit that includes a 10'x10' branded tent, table skirt, and flag.

(7) Our design team will create an interior brand plan for your training center that allocates \$~~10~~15,000 towards the installation and purchase of interior branding elements, graphics, and displays, including: a brushed aluminum Athletic Republic sign to be placed behind your front desk; two Athletic Republic entry rugs; a 6' x 6' retail display with merchandising accessories; an Athletic Republic Clock; and other wall graphics you select for production from our national print vendor. You may choose to spend additional funds on interior branding, beyond the \$~~10~~15,000 pre-paid interior branding investment.

(8) With your input, we will construct, execute, develop creative, purchase media, and manage the initial membership sales effort for your Training Center's Grand Opening, with the \$10,000 you have pre-paid for Grand Opening Marketing. Beginning 6 to 8 weeks before opening and extending 4 to 6 weeks post opening and depending on the market and time of year, the Grand Opening marketing plan may include Google, Facebook and Instagram lead-generation advertising; Pay-per-Click display advertising; You may choose to spend additional funds beyond the \$10,000 pre-paid Grand Opening Marketing investment.

You are also responsible for committing \$2,500 towards local Grand Opening outreach, Public Relations; VIP and Grand Opening events; and other more traditional media purchases.

(9) All Training Center equipment will be packaged for transport per our specifications and shipped from our production facility in Salt Lake City, Utah or one of our equipment storage facilities located across the U.S. to your Training Center. You will pre-pay the estimated packaging, shipping, and transit insurance charges two weeks prior to shipment. When we have received final billing, we will invoice / reconcile with you the final packaging, transit and insurance charges, usually within 60 days after equipment delivery. Supply chain challenges and the cost of fuel may have a direct impact on increasing the cost of transportation.

(10) Our technicians will be on-site at your Training Center to off-load, unpack, position, and install the Equipment in your Training Center. The installation process takes 3-5 days and both the amount of time and associated cost to complete will depend on the amount of equipment provided, the accessibility of the space, the access to an overhead/garage door, and having to navigate curbs, stairs, single doors, and low height doors, access to the appropriate power service, internet, heating/cooling and water, and completion status of the Training Center. You will pre-pay the estimated installation charges (labor, transportation, hotel and other direct expenses) two ~~week~~weeks prior to shipment. When we have received final billing, we will invoice / reconcile with you the final installation charges, usually within 60 days after Equipment delivery.

You must complete and return our 'Training Center Readiness Report' no less than 3 weeks prior to the equipment ship date, to verify the Training Center is ready to receive and install the Fitness Equipment. Should the Training Center not be ready to receive and install the Fitness Equipment, the ship date may be changed up to two weeks prior to the pre-published ship date without any additional charge. If the ship date changes less than one week prior to the pre-scheduled ship date or if the Training Center is not ready to receive and install equipment, meaning that all tasks on Training Center Readiness Report have not been completed prior to the delivery of the Fitness Equipment, then you will agree to pay us a surcharge of \$5,000 to cover the additional costs we will incur to install your Fitness Equipment.

(11) You will purchase vulcanized rubber flooring for the equipment area, and (knitted or non-in-fill) turf for the functional space, through us from one of our national sports flooring vendors. The installed costs for these surfaces range from \$8 to \$18 per sq. ft. Incorporating hardwood (basketball/volleyball) sports flooring and other surfaces into the floor plan may increase the cost of your Training Center's flooring. You may purchase locally carpet, polished concrete, tile, or synthetic surfaces for installation, at your expense, for the entry / reception, bathrooms, storage, office, breakroom, and other non-training areas.

(12) Remodeling, improving, or building out the Training Center is an expense that may be all or partially covered in your real estate lease under a term similar to tenant improvement allowance and defined in the 'Landlord Work Letter' that would be incorporated into the real estate lease. The estimates provided are for a Training Center space of 5,000 square feet located in a light-industrial or remerchandised strip center and are exclusive of the landlord's contribution to tenant improvements.

(13) The size and lighting of the exterior sign will depend upon the exterior configuration of your space, local zoning codes, and the building complex regulations. Make sure to understand these requirements and permitting process before signing a lease.

(14) The Low Voltage Systems may include: Internet Service and Wi-Fi hotspots positioned through the Training Center; TVs, other than for the Treadmill Feedback package; Phone System; Security Cameras and Recording Device; and Sound System with Music Delivery System that also clears music rights.

(15) The estimate includes the front desk, reception area / waiting room furniture, office furniture, front desk and office computers and printer. At our option, we may choose to have you purchase the front desk and/or the waiting room furniture through us from one of our national furniture vendors.

(16) You must procure and maintain throughout the term of the Franchise Agreement insurance in such amounts as set forth in the Franchise Agreement (see Item 8). The estimate is for approximately 50% of an annual premium. The cost of insurance will vary based on policy limits, type of policies procured, any lease requirements, nature and value of physical assets, number of employees, square footage, contents of the business, state worker's compensation requirements, the Training Center's location, and other factors bearing on risk exposure.

(17) The wages stated for employees are estimated wages for any staff hired prior to opening and do not include taxes or benefits.

(18) The Training Center's General Manager and Sports Performance Training Director (or 'Head Trainer') must attend and successfully complete Athletic Republic Academy Level 1 and Level 2 training programs before the franchise opening. The Sports Performance Training Director must attend and complete the Level 3 certification as soon as the certification course is offered after they have been hired. The Owner and/or General/Assistant Manager must attend the GM Training Camp in-person prior to opening the Training Center. Anyone training athletes in your Franchised Business must successfully complete the Athletic Republic Academy Level 1 training program before providing any Athletic Republic® training services. See Item 11 for more information about training. Other employees may participate in the training programs. The costs for our Level 1 or Level 2 online training and for the Level 3 virtual training are included in your Initial Franchise Fee and BOS Services, but you must cover the registration fees for attending the Level 3 training and the GM Training Camp. There is currently no requirement to complete all or any portion of the training/trainer certifications in person; however, if you choose we do require the owner and/or GM/Assistant Manager to attend training the GM Training Camp that we offer in Park City, Utah or at another location, you may incur additional costs of travel, lodging, employee salaries and meals, etc., that are not otherwise accounted for in this estimate.

(19) This estimate is based on the operating expenses for the first 3three months of operations, including labor costs, marketing and advertising not covered by the Business Acceleration Program package, and other variable costs. The low range in the estimate assumes you are converting an existing facility to a Training Center, or adding a Training Center to an existing, operational facility. Rent is not included in the calculation, as we expect you will receive free rent for the first several months of operation. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. We recommend that you have additional funds available to you in order to fund your business and are encouraged to set aside working capital, establish a line of credit, or secure a business credit card for post open operating expenses.

~~(20)~~ (20) You should review these figures carefully with a business advisor before making any decision to purchase the franchise. You are cautioned to allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and local market conditions. We have considered and relied on the experience of our franchisees and our analysis of other similar businesses in determining the figures in Item 7.

B. ESTIMATED INITIAL INVESTMENT FOR AREA DEVELOPMENT AGREEMENT.

YOUR ESTIMATED INITIAL INVESTMENT UNDER THE AREA DEVELOPMENT AGREEMENT (2-PACK)

Type of Expenditure ⁽¹⁾	Amount ¹	Method of Payment	When Due	To Whom Payment is to be Made
Area Development Fee ⁽²⁾	\$100,000	Lump Sum	Upon executing Area Development Agreement	Franchisor
Initial Investment for the First Training Center ⁽³⁾	\$242,500 <u>244,900</u> to \$598,618 <u>618,500</u>	See Chart in Item 7(A) above – includes Franchise Fee		
Total	\$342,500 <u>344,900</u> to \$698,718 <u>618,500</u>			

Notes.

1) All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

2) If you sign an Area Development Agreement, on the date you sign it you will pay us the full Initial Franchise Fees for all Training Centers you agree to develop (the “Development Fee”) and you must develop a minimum of 2 training centers. We offer a discount on the Initial Franchise Fee when you purchase more than one Training Center under an Area Development Agreement. Two (2) Training Center franchises may be purchased for \$100,000, three (3) Training Center franchises for \$135,000, and four (4) Training Center Franchises may be purchased for \$165,000. Each additional Training Center franchise, after you have purchased four may be added to an Area Development Agreement for \$30,000 each.

3) This figure represents the total estimated initial investment required to open the first Training Center under your first Franchise Agreement, which includes buildout costs, equipment, signage costs, training expenses, miscellaneous opening costs, opening inventory, and additional operational funds for a single Training Center (see the Single Unit in Item 7A chart above for additional details). This does not include the Initial Franchise Fee, which is replaced with the Development Fee set forth above.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate all aspects of your Franchised Business in strict conformity with the methods, standards and specifications of our System. Our methods, standards, and specifications will be communicated to you in writing through our confidential Manuals and other proprietary guidelines and writings that we prepare for your use in connection with the Franchised Business and System. We may periodically change our System standards and specifications from time to time, as we deem appropriate or necessary in our sole discretion, and you will be solely responsible for costs associated with complying with any modifications to the System.

We have the right to require you to purchase any items or services necessary to operate your Franchised Business from us or a supplier that we approve, designate an “Approved Supplier,” or have a service or distribution agreement with. We will provide you with a list of our Approved Suppliers in writing as part of

the Manuals or otherwise in writing, and we may update or modify this list at any time as we deem appropriate.

You must acquire the equipment for the Franchised Business from us. The proprietary equipment you must acquire from us will depend on which elements of the Training Programs you will offer, the athlete training capacity, and if your Training Center is free-standing or co-located location. The equipment may include the AR-Woodway Super Treadmill, the AR Super Treadmill, Running Treadmill Platform, AR Vision, Rolling Back Pedal Mirror, Backpedal Harnesses and 3 Loop EZ Spot, SprintCords, with Storage Rack, Hockey Treadmill, Hockey Harnesses, SprintCords with Storage Rack, Overhead Rail and Support Standards for the Hockey Treadmill, Plyo Press Machines, 3PQ forceplate with computer, software and stand, Pro Multi Hip Machines, Pro Implosion Machine, Wood Plyo Floor, Plyo Boxes, Plyo Foams, Balance Discs and Ramps, Wall Spines, Hitting / Plyo Belts, Republic Box, Slide Boards, Resistance Cords, Start Cords, Plyo Cords with Storage Rack, Kicking Cords, Throwing Cords, Warm-up Cords, Hamstring Cords, PowerCords, Hip Cords, Wall-Mounted Spines, Weight Lifting Rig with Half-Racks, Athletic Republic Technology (athlete management) System Software, Athletic Republic® branded strength equipment, and accessories. We are the sole designated supplier for the proprietary equipment. You may not acquire these or similar items from any other source. Concurrent with the signing of the Franchise Agreement, you must execute an Equipment Purchase Agreement covering, at least, the minimum equipment necessary for the operation of the Franchised Business, although it may cover additional equipment if you decide to acquire more than the minimum equipment recommended. The equipment order must be placed within 250 days of signing the Franchise Agreement. Except for the initial purchases for the operation of the Franchised Business, we do not expect that you will make any required equipment purchases before the opening of your Franchised Business. In the event that you decide to purchase additional equipment to support other service lines, the amount would be at your complete discretion.

Also, we may require you to acquire from us, or from a source designated by us, products or services that involve trade secrets, or other proprietary information specially prepared by us or at our direction, or that we consider integral to our franchise system. The Training Programs, and protocols may only be used with approved equipment obtained from us or preapproved suppliers. Other than us, there are no approved suppliers in which any of our officers owns an interest.

For products that you are not required to purchase from us or from an approved third-party provider designated by us, you will conform to all quality and customer service standards we prescribe. We may modify our standards at any time. Our standards and any modifications are prescribed in writing. You will acquire only such types, models or brands of equipment, inventory and supplies that we approve for franchisees as meeting our standards of quality, design, warranties, appearance, function, and performance. We may require you to acquire certain furniture, equipment, weight training equipment, sensory training equipment, recovery equipment, inventory, supplies, services, sports flooring surfaces, interior branding elements, interior signs, exterior signs and other products used or offered at the Franchised Business from us or from suppliers who have been approved by us, in which case we will provide you with a list of approved suppliers.

You must notify us in writing if you want to acquire or use in the operation of your Franchised Business any item that is not then approved by us, or to acquire any item from a supplier that is not then designated by us as an approved supplier. You must submit any information we require to determine whether the product, material or supply, or the proposed supplier meets our specifications and quality standards. We generally will notify you of supplier approval or disapproval within 15 days of our receipt of the information we request. You or the supplier must pay the reasonable cost of the inspection and evaluation and the actual cost of the test. We may revoke our previous approval at any time if an approved supplier no longer meets our approval criteria or if we designate an exclusive supplier. Along with other approval criteria, the supplier must have the ability to provide the product or service, on a national basis, to at least 50% of our franchisees.

We do not maintain written approval criteria and, therefore, this criterion is not available to you or your proposed supplier.

If we have not designated an approved supplier for an item or supply, you may acquire such item or supply from the vendor of your choice. All inventories, products, materials and other items and supplies used in the operation of the Franchised Business that are not included in the approved supplies or approved suppliers' lists must conform to the specifications and standards we establish from time to time.

We and our affiliates reserve the right to receive payments or other consideration from suppliers for your purchase of goods, products and services as described in this Item 8, as well as for any future purchase of any goods, products or services. Most of these payments may be calculated on an amount based on products or services sold to you. We will retain and use such payments as we deem appropriate or as required by the suppliers or manufacturers. We do not provide you with any type of accounting or report on these amounts or their uses.

Except as listed in this Item 8, we do not negotiate purchase arrangements with suppliers for the benefit of our franchisees and retain the absolute right to select different suppliers at our discretion. ~~We~~ We and our affiliates reserve the right to derive revenue and other material consideration from any of the purchases (items or services) that our System franchisees are required to make in connection with the Franchised Business.

We are currently the manufacturer of the Generation V Super Sprinting Treadmill, Treadmill Platforms, as well as the PlyoPress, Pro Implosion, and Pro MultiHip machine, Balance Discs and Ramps, and Cord Storage Racks.

We currently have an exclusive distributorship agreement with Fargo, North Dakota based Standard Industries, Inc., the manufacturer of the Generation III Skating Treadmill. Standard Industries, Inc. cannot sell the Skating Treadmill to anyone other than us, and we only sell these products to our franchisees and licensees.

You must also buy from us the video analysis software subscription, and the elements that comprise the "AR Vision," and "3PQ System." The AR Vision system includes an iPad Pro, network connections and cables, and 50" flat screen monitor and mounting hardware for integration with the video capture and analysis software. The 3PQ System includes a force plate mounted to a PlyoPress, ~~which is manufactured by Advanced Mechanical Technology, Inc., a Massachusetts corporation,~~ an all-in-one computer, connection cables, ~~AccuPower~~ software to run the 3PQ system and integrate with ART, a stand-up desk and stool. The Video Analysis and AccuPower software subscriptions are included in the BOS package

We also have the following agreements in place as of the issuance date of this Disclosure Document:

We have a manufacturing agreement with LogiCourt for our Wood PlyoFloor products.

We have ~~a~~ distribution agreements with HyperIce, NormaTec, TriggerPoint, Stick Mobility, and PowerPlate to provide Recovery products.

We have a distribution agreement with Dalton, Georgia based Controlled Products for their SportTurf, a non-infilled turf with an attached foam pad. You are required to use Controlled Products turf, if you install synthetic turf in the Training Center.

We have a distribution agreement with British Columbia, Canada based NorthWest Rubber LTD for their rubberized sports flooring. You are required to use NorthWest Rubber sports flooring, if you install rubber sports flooring in the Training Center.

We have an agreement with ~~WBC, an Ohio~~Power Systems, a Tennessee-based company, and TRX, a California-based company to provide movement-based resistance training, cardio training, and strength training equipment.

We have a distribution agreement with Klean Athlete, a Pennsylvania-based company, and Momentus, a Utah-based company to provide nutritional supplements.

We have a distribution agreement with UMAX, a California-based company to provide Athletic Republic® dumbbells, bumper plates and weight plates.

We have a service agreement with Avolve for athlete assessment software and reporting ~~and a service and equipment purchasing Agreement with Hughes to install televisions and broadcast leaderboards and marketing content into Training Centers..~~

We have a service agreement with Gallagher Insurance to provide insurance services to Franchisees, you are required to request an insurance bid from Gallagher Insurance.

We have a service agreement with LiveEditRankBrain to provide LockerRoom hosting, website development, support and hosting services to Franchisees that is included in the BOS Fee.

We have a service agreement with High Level to provide subscription-based online CRM services and use of a Learning Management System (LMS) for the Athletic Republic Academy and certification system for Franchisees that are included in the BOS Fee.

We have a service agreement with Upper Hand to integrate and organize data through the Athletic Republic Technology (“ART”) package including AR Vision software and Baseline software training center class scheduling, for point-of-sale processing, reporting and the KPI Dashboard, and to make the services available to Franchisees through subscription that is included in the BOS Fee.

We have a service agreement with ADP to provide subscription-based payroll processing, New Hire Processing and Human Resources support to franchisees. You have the option, but are not required, to select and pay for this service.

We have a service agreement with Quickbooks to provide subscription/cloud-based accounting software and an initial chart-of-accounts to franchisees. You have the option, but are not required, to select and pay for this service.

We have a service agreement with Intellishield for background checks. You are required to work through us to complete background checks on the Training Center’s General Manager and Head Trainer. It is recommended that you work with us to complete background checks on all team members. The cost associated with completing the initial background checks (prior to the Training Center’s opening) is included in the On-Boarding Fee.

We have a service agreement with Dallas, Texas based Marrow Hill, to provide site selection support and business term negotiations. There is no cost for their services as they are paid a commission by the landlord upon lease signing.

We have a service agreement with Northeast Color to provide interior branding design, graphics and installation to Franchisees that is included in the Equipment Fees for Interior Branding.

We have a service agreement with Canva to manage our online Marketing Resource center and provide contracted Digital Advertising services to franchisees that is included in the Franchise Marketing Fund Fee.

We have an exclusive manufacturing agreement with Rough Rider Industries, a North Dakota company, and Stroops, a Utah company to provide our proprietary equipment. These items include harnesses, patented Start Cords, patented SprintCords, patented PowerCords, patented Throwing Cords, patented Warm-up Cords, Hip Cords and wall mounting bracket.

During our last fiscal year ended December 31, ~~2024~~2023, our revenue from the sale of items to franchisees and licensees was ~~\$715,578,354,122~~, or ~~3423~~% of our total annual revenue of ~~\$2,096,381,491,800~~. We estimate that the purchases or leases of equipment items according to the specifications provided represents 50% - 65% of your total purchases for the establishment of your Franchised Business, and between 0% - 15% of your total purchases for the on-going operation of your Franchised Business. If you elect to lease these items according to specifications provided, the percentages above reflecting your initial purchases or leases may be lower, and the percentages reflecting your ongoing purchases and leases may be higher.

There are currently no purchasing or distribution cooperatives. We provide you with no material benefits (such as renewal or granting additional franchises) based on your use of designated or approved sources but doing so is one of your obligations under the Franchise Agreement.

The required equipment that you must purchase from us includes an iPad [Pro generation 4 or newer] with mounting bracket, video analysis software, a 50" flat screen monitor for each and wireless connections and cables for the AR Vision System. One AR Vision system is provided with all required equipment packages for each Training Center. The AR Vision software subscription is included in the BOS package. You may purchase additional AR Vision systems. You will purchase the front desk desktop computer system which should be a Dell Inspiron Desktop computer or equivalent: ~~i5-100i7-14700F~~ Intel Processor with Intel UHD Graphics ~~730770~~, Windows 11 (64 bit), 8Gb RAM, 1TB 7200rpm Hard Drive, WiFi + Bluetooth 4.0, USB 2.0 / 3.2, HDMI, VGA and Ethernet jacks, keyboard, mouse and monitor.

The computer that manages and records data from the 3PQ force plate mounted on one of the PlyoPress Machines will be a Dell OptiPlex All-in-One Intel Core i5 or equivalent: i5-~~13500~~14500 Intel processor with Intel UHD Graphics, Windows 11 (64 bit), 8 GB DDR4, ~~4TB~~512GB Hard Drive, Intel HD Video Card, Intel WiFi, Bluetooth 5.1 Wireless, USB 3.1 / 2.0, HDMI and RJ-45 Ethernet jacks, keyboard, mouse and 24" monitor/touch-display. The 3PQ software license is included in the BOS package.

Insurance Requirements

You will need to purchase and maintain in effect at all times during the term of the Franchise Agreement a policy or policies of insurance from a company we accept, insurance that insures both you and us, our affiliates and any other persons we designate by name. The insurance policies must include at a minimum:

Type	Minimum Limits (If Applicable)
1. Special/causes of loss coverage forms (sometimes called "All Risk coverage") on the Franchised Business and all fixtures, equipment, supplies and other property used in the operation of the Franchised Location, for full repair and replacement value of the machinery, equipment and improvements, including full coverage for loss of income resulting from damage to the Franchised Location without any co-insurance clause, except that an appropriate deductible clause is permitted.	N/A
2. Business Interruption Insurance covering a minimum 12 months loss of income, including coverage for our Royalties with us named as a loss payee with respect to those fees.	N/A

Type	Minimum Limits (If Applicable)
3. Professional Liability Insurance.	\$1,000,000 per occurrence and \$1,000,000 aggregate
4. Comprehensive General Liability Insurance, including bodily injury, product liability property damage, contractual liability, personal injury, and advertising injury. Policy must provide coverage for off premises operations.	\$1,000,000 per occurrence, \$2,000,000 aggregate and 100,000 for damage to premises
5. Workers' compensation and employer's liability insurance covering all of your employees, per state law.	N/A
6. Commercial Umbrella or Excess Liability insurance.	\$1,000,000 per occurrence
7. Abuse & Molestation	\$1,000,000 per occurrence and \$2,000,000 aggregate
8. Comprehensive Automotive Liability Coverage for all owned, non-owned and hired vehicles.	\$1,000,000 combined single limit or per person, per accident and \$1,000,000 property damage
9. Property Insurance Coverage on all furniture, fixtures, equipment, inventory, and tenant improvements.	
8. Employment Practices Liability Insurance Coverage	\$500,000
9. Any other such insurance coverage or amounts as required by law or other agreement related to the Franchised Location business.	N/A

You must include us and our affiliates as named additional insureds on all liability policies required.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement(s)	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 2.A and 7 of Franchise Agreement; Sections 1 and 3 of the Area Development Agreement	Items 7, 11 and 12
b. Pre-opening purchases/leases	Sections 7 and 8 of the Franchise Agreement	Items 6, 7, and 8
c. Site development and other pre-opening requirements	Section 7 of Franchise Agreement; Sections 1 and 3 of the Area Development Agreement	Items 7, 8, and 11
d. Initial and ongoing training	Section 9 of the Franchise Agreement	Items 7, 11, and 15
e. Opening	Sections 2.B, 2.C, 7 and 13.B of Franchise Agreement; Section 3 of the Area Development Agreement	Items 6, 7, and 11
f. Fees	Sections 4, 6, 7, 8.D, 8.F, and 9.B of the Franchise Agreement; Sections 2 and 7.E of the Area Development Agreement	Items 5, 6, 7, and 11

Obligation	Section in Agreement(s)	Disclosure Document Item
g. Compliance with standards and policies/operating manual	Sections 7, 8, 9, and 14.A of Franchise Agreement; Sections 3 and 5 of the Area Development Agreement	Items 8, 11, 13, 14, 15 and 16
h. Trademarks and proprietary information	Sections 5, 7.F, 8.F, 8.H, 12.A, 13.B, 14.A, and 15.C of the Franchise Agreement; Section 5.B of the Area Development Agreement	Items 13, 14, and 17
i. Restrictions on products/services offered	Sections 1.B, 1.J, 1.L, 1.N, 2.A, 8, 13, and 14.A of Franchise Agreement	Items 8, 11, 13, and 16
j. Warranty and customer service requirements	Section 8 of Franchise Agreement	Item 11
k. Territorial development and sales quotas	Sections 2.A, 2.C, and Appendix D of the Franchise Agreement; Section 3 and Appendix B of the Area Development Agreement	Items 11 and 12
l. Ongoing product/service purchases	Sections 8, 13, and 14.A of Franchise Agreement	Items 8, 11, 13, and 16
m. Maintenance, appearance and remodeling requirements	Sections 5, 7 and 14.A of Franchise Agreement	Items 6, 7, 8, and 11
n. Insurance	Section 10.B of Franchise Agreement	Items 7 and 8
o. Advertising	Sections 4.C, 6, and 7.F of Franchise Agreement	Items 6, 7, and 11
p. Indemnification	Section 10.A of Franchise Agreement	Items 13 and 14
q. Owner's participation/management/staffing	Section 9 of Franchise Agreement	Items 11 and 15
r. Records and reports	Sections 4, 8.E, and 8.I of Franchise Agreement	Items 6 and 11
s. Inspections and audits	Sections 4.G and 8.F of Franchise Agreement	Item 6 and 11
t. Transfer	Section 12 of Franchise Agreement; Section 8 of the Area Development Agreement	Items 6, 12, and 17
u. Renewal	Section 3 of Franchise Agreement	Items 6, 12, and 17
v. Post-termination obligations	Section 14 of Franchise Agreement; Sections 7.A-F of the Area Development Agreement	Item 14, 15, and 17
w. Non-competition covenants	Section 8.G and 11 of Franchise Agreement	Item 17
x. Dispute resolution	Section 15 of Franchise Agreement; Section 9 of the Area Development Agreement	Item 17

**ITEM 10.
FINANCING**

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

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

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

Pre-Opening Obligations

Before you open your business, we will:

1. Designate your Protected Territory (Franchise Agreement – Section 2.C).

2. Approve or disapprove the site for your Franchised Location. While we recommend the use of our designated Real Estate broker and a Real Estate Lawyer, you are solely responsible for the selection of a site and lease terms; however, we must approve your site and any relocation of your business. We do not own sites for leasing to franchisees. Factors considered in approving sites are: location and physical address, size of the space, space configuration, ceiling height, costs (Base Rent, CAM Charges, Build-out Expenses, Tenant Improvement Allowance, Rent Abatement, etc.), access to either 230 volt / 3 phase or 230 volt / 1 phase power circuit for the Sprinting Treadmills (depending upon product selection), availability, population, demographics, traffic patterns, proximity to area schools, available parking, exterior lighting / customer safety, building access and operating hours, internet connectivity, location of business competitors, intended use restrictions, co-tenancy and exclusivity arrangements with other franchisees. We will approve or reject sites proposed to us after our receipt of required information and materials. If we are unable to agree upon a site within 150 days from the execution of the Franchise Agreement, we may terminate your Franchise Agreement, in which case we will not refund any part of the Initial Franchise Fee already paid by you. (Franchise Agreement – Section 2.A).

3. Provide you a copy of our specifications and standards pertaining to equipment, interior branding, displays, fixtures, furnishings, interior and exterior signage, accessory features, design elements and layout for your Franchised Business. We may, in our sole discretion, provide you with a list of approved suppliers for these equipment purchases, and we reserve the right to sell all or any of this equipment to you directly or through an affiliate. We may, but are not required to, deliver and/or install these items directly. (Franchise Agreement – Section 7.B).

4. Provide you a copy of our quality and customer service standards (Franchise Agreement – Section 8.C).

5. Loan you a copy of our Operations Manuals, Protocol Manual, policies, and other documents containing mandatory and suggested specifications, brand standards and operating procedures (the “Manual”), which may include, but is not required to include, pricing guidelines, such as minimum and maximum pricing suggestions. Portions of the Manual may be delivered in electronic formats and is confidential and remains our property. We may modify the Manual, but the modification will not alter your status and rights under the Franchise Agreement. (Franchise Agreement – Sections 8.E and 8.F).

6. Training Centers are provided up to a 28-week Business Acceleration Program (“BAP”), which includes: introduction to our preferred real estate agency which would be your responsibility to retain; introduction to our preferred real estate attorney which will be your responsibility to retain; site evaluation and approval; assistance with facility floor plan and equipment layout; business planning; operating practices; staff recruiting; training and staffing support including access to the Athletic Republic® Academy Level 1, Level 2 and Level 3 training programs for trainers and managers and GM Training Camp for Owners and Managers; equipment ordering support; interior branding design assistance; access to our online Marketing Resource Center; marketing programs, social media and website development; and membership sales / lead generation programs. The Training Center will additionally receive: the opportunity to work at a company-owned training center as part of the mentoring program; soft opening and grand opening assistance; the set-up, configuration of the various Business Operating Systems (“BOS”) services at no additional cost during BAP for no more than 6 months, which include access to the Athletic Republic Technology (“ART”) package which includes set-up, training and subscription to: online scheduling, point-of-sale and reporting software, AR Vision software, software to operate, capture and manage 3PQ forceplate data, athlete assessment software and access to the athlete assessment system; and the Sales and Marketing package, which includes: Website design, hosting and management; CRM for lead management, four (4) email accounts for Training Center staff; email Marketing; and Digital Advertising and account management to support the Training Center’s Grand Opening. At your option and for an additional expense you may access our pre-negotiated

affiliations for Payroll Processing software, Accounting Software, and support services. As part of the ‘soft opening’ process, Training Centers will receive additional on-site instruction, training, and support as part of the post equipment installation / pre-opening process included in the BAP for not less than 5 days. (Franchise Agreement – Sections 2.B, 6.B, 7.B, 8.A, and 8.E).

7. We will host your Training Center’s website. Your Training Center’s website template, content management software and tutorials on customizing your website with local content is provided as a guide to develop and manage your Training Center’s website identified as www.city.AthleticRepublic.com (the “city” must be a city located within your Protected Territory). You will receive pre-launch website development and post launch support from our website contractor. The cost associated with website development, management, hosting, online business listings with major search engines, social media integration, access to analytics or use of the CMS is part of the BOS and is covered by the BAP fee for up to six months. Additional website customer support and services are available through a third party for an additional charge.

8. Provide access to the Athletic Republic® Academy Level 1, Level 2 and Level 3 training program for all your staff and GM Training Camp for your owner and manager(s). (Franchise Agreement – Section 9.B). See the table below.

Time to Open

We estimate that it will typically take between 4 and ~~10~~11 months from the time you sign the Franchise Agreement until the opening of your business. You must order your Fitness Equipment from us within 250 days from the date of execution of the Franchise Agreement and begin the operation of your business within 365 days from the date of execution of the Franchise Agreement and if you fail to do so, we may terminate your Franchise Agreement and you will lose any amounts previously paid (Franchise Agreement, Sections 2.B, 8.C, and 13.B). Royalty Fees, Marketing Fees and BOS Fees will begin to be paid on the earlier of the Training Center’s Opening Date or 365 days after executing the Franchise Agreement. The factors that affect the time for opening include: the site selection, contracting for the lease or purchase or construction of the building, conforming the premises to applicable ordinances and codes, acquisition of the equipment and signage, obtaining all necessary insurance and permits, arranging any necessary financing, completion of hiring and the training of the training center staff and the build-out of the space.

If you sign an Area Development Agreement you must begin operation of the first Training Center within 365 days from the date of execution of the first Franchise Agreement and the second Training Center must begin operation within 2 years from the date of execution of the first Franchise Agreement, or as defined by the Development Schedule in the Area Development Agreement. The intervals for opening individual training centers depend upon the negotiated Development Schedule and are generally 4 and ~~10~~11 months for the first Training Center and pursuant to the Development Schedule for subsequent Training Centers (Area Development Agreement, Section 3 and Appendix B). If a developer fails to comply with the Development Schedule, we may terminate the Area Development Agreement and the Franchise Agreements, reduce the number of Training Centers the developer has the right to develop, terminate or reduce the protected territory for each Franchise Agreement that has not opened per the Development Schedule, repurchase any Training Centers open by you under the Area Development Agreement, reduce the Protected Territory under the Franchise Agreements executed under the Area Development Agreement, claim liquidated damages equal to \$25,000 for each Training Center the developer failed to open, charge Royalty Fees, Marketing Fees and BOS Fees per the applicable agreements, or exercise any other rights and remedies that we may have (Area Development Agreement, Section 7). We will approve sites for additional Training Centers developed under your Development Agreement using our then-current site selection criteria.

Obligations After Opening

During the operation of your business, we will:

1. Approve vendors, products and services and regularly inform you as to new approved vendors and new preferred vendor contracts (Franchise Agreement – Section 8.C).
2. Make available additional training which we deem advisable to familiarize you and your team on changes and updates in the franchise system (Franchise Agreement – Section 9.C).
3. Make available to you from time to time all changes, improvements, and additions to the franchise system (Franchise Agreement – Sections 8.E and 8.F).
4. Provide you with all supplements and modifications to the Manuals (Franchise Agreement – Sections 8.E and 8.F).
5. If you have some unusual or unique operating problems or if you have a specific situation in which you require assistance, you may request from us to provide assistance to deal with the problem or situation you have, and we may, but have no obligation to, provide you this assistance. If we agree to provide you the assistance, we will charge you a \$500 daily fee plus you must reimburse us for all the expenses we incur in providing you such assistance. (Franchise Agreement – Section 9.F)

Advertising Programs

We have instituted a national marketing program (the “Marketing Fund”), which is supported by your Training Center’s payment of a fixed Marketing Fee \$100 every week. You must start paying the Marketing Fee beginning on the earlier of the day on which we deliver to you the required equipment to operate your Franchised Business or the 365th day after the execution of the Franchise Agreement. We reserve the right to increase the amount annually upon 30 days written notice to you, as long as we don’t increase the amount of such payment more than one time every three years. The Marketing Fees will be placed in a Marketing Fund. We will not directly contribute to the Marketing Fund for any franchisor owned training centers.

The Marketing Fund is not a trust or escrow account, and we have no fiduciary obligation to franchisees with respect to the Marketing Fund. Marketing Fees not used in one year will be carried over to the next year. We and our Affiliates will only receive payment from the marketing funds for amounts we incur in providing goods and services at arms-length prices. We have no obligation to undertake any specific advertising campaigns or to conduct advertising in any particular area, or to spend a prorated amount in your market. We may use the funds in our sole discretion to (1) formulate, develop and implement marketing, advertising, public relations, and promotional campaigns; (2) support the development and maintenance of the Marketing Resource Center, which includes a separate and customized marketing portal for each Franchisee; and (3) pay us for the expense of administering the Marketing Fund, including accounting expenses and salaries and benefits paid to our employees engaged in the marketing functions. No portion of the Marketing Fund will be spent for advertising principally designed at solicitation of the sale of franchises, however we may include a notation in any advertisement indicating “Franchises are Available”. There is no requirement that the Marketing Fund be audited. If requested in writing, we will provide you an annual unaudited statement of the financial condition of the Marketing Fund. [See Items 6, 8 and 9 for additional disclosures relating to advertising.](#)

In fiscal year ~~2024~~2023, the Marketing Funds fees collected were used as follows: (i) ~~30~~38% for Quarterly / Seasonal Marketing Campaigns, including: ~~‘Athlete Intelligence’~~EDGE’ summer / fall marketing, ~~Female Stability, Data and Technology Fall~~‘When They Say’ winter training for spring sport athletes, ~~ACL Bridge - Return to Play, Adult Fitness Campaign and Strength Campaign~~, Referral Marketing; ~~expanded the team training program assets~~, Lunch and Learn for PT Clinics, Personal Training Black Friday and Cyber

~~Monday promotions and Holiday sales Camps; (ii) 30 25% for Website and SEO; (iii) 17% for Paid Digital services, such as: SEO, FacebookMeta, Instagram, TikTok, LinkedIn and Google Ads; (iii) 18% for Public Relations; (iv) 12% for Marketing Portal and local center design customization; (v) 4% for the Creative, Branding, and Design Services; (v) 36% for Public Relations; (vi) 2% for Photography and Video services; and (vi) 3% in miscellaneous allocations.~~ At our discretion, we seek the Franchise Advisory Council's insights ~~on~~for the allocation of the Franchise Marketing Fund.

In addition to the Marketing Fee, Training Centers must spend a minimum of \$1,000 per month in local marketing until they have 150 active members under contract. Online advertising, local outreach efforts, sponsorships, NIL, and other local marketing activities are all acceptable use of the local marketing funds. Once the Training Center has achieved 150 active members, it must spend an amount equal to the required Marketing Fee payments for such year on local marketing and promotion. At this time, we do not have a local or regional advertising cooperative, nor do we have plans to form one in the future. You will not be required to participate or direct any amounts you are required to spend ~~in~~on local advertising to an advertising cooperative. There is no minimum marketing required for Satellite Training Centers.

From time to time, we may provide you with advertising materials or offer them to you at an additional cost. You may develop advertising materials for your own use at your own cost. We must approve the advertising materials in advance and in writing. You must comply with our published Brand Standards and all our and our vendors' and other business associates' trademark, trade name, service mark and copyright notices marking requirements and you will supply to us samples or photographs of the same upon our request. You are ultimately responsible for ensuring that your advertising complies with all applicable laws before using them (Franchise Agreement – Section 6).

Computer System

You may purchase and use computer systems that we provide, including all future updates, supplements and modifications (the "Computer System"). The cost of a Computer System is \$750 to \$1,500. We provide an iPad for managing the AR Vision software as part of each Treadmill Feedback Package. The video software we currently require you to purchase as ~~an operating~~ is provided by Indianapolis, Indiana-based Upper Hand and which is included in the monthly BOS fee. We reserve the right to change suppliers at our discretion. We also require you to purchase from us a Computer System to manage 3PQ testing. We require that you purchase at least one (1) computer system and printer for front desk activities, which includes scheduling athlete training sessions and entering of athlete data plus pre and post training test results into the ART system, the Sales and Marketing suite of subscriptions for the Key Performance Indicator ("KPI") dashboard, website management, the CRM system for lead management, social media activities, and e-mail communications. We recommend the purchase of a credit card terminal to interface with the online scheduling and point-of-sale software for processing credit/debit card transactions and printing receipts. We require you purchase from us two (2) or more hand-held tablets to access the training protocols through ART while training athletes. Any updates, supplements or modifications are not subject to or part of the Maximum Modernization Amount. The Computer System may include all hardware and software used in the operation of the Franchised Business, including office programs used to record, analyze and report sales, labor, inventory and tax information.

The computer software package for use in the Franchised Business includes proprietary software. You are required to license the proprietary software from us, an affiliate or a third party and you are required to pay the BOS Fee for your use of the proprietary software and subscriptions that we license through 3rd party software providers. All rights, title and interest in the software will remain with the licensor of the software. We retain the right to restrict or terminate your use of the 3rd party software we provide, should you violate or misuse the software companies' intellectual property trademarks or tradenames, attempt to reverse

engineer the software, consume excessive bandwidth, or violate any laws that apply to software duplication, consumer privacy or related matters. The computer hardware and component of the Computer System must be purchased from us. We will have full and complete independent access to information and data entered and produced by the Computer System (Franchise Agreement, Sections 8.D and 8.H).

The equipment required for the Treadmill Feedback System must be purchased from us and includes an iPad [Pro generation 4 or newer] with mounting bracket, video analysis software, a 50" flat screen monitor for each and wireless connections and HDMI cables that connect the iPad to the TV for each AR Vision System. The cost of each Treadmill Feedback Package is \$2,600, plus the monthly software subscription that is part of the BOS package. The flat panel display will be not less than a 50" plasma display. One AR Vision system is provided with the required equipment packages for Training Program offerings. Additional AR Vision systems are available for purchase for an additional fee.

The computer that manages and records data from the 3PQ force plate mounted on one of the PlyoPress Machines will be a Dell OptiPlex All-in-One Intel Core i5 or equivalent: i5-~~13500~~14500 Intel processor with Intel UHD Graphics, Windows 11 (64 bit), 8 GB DDR4, ~~4TB~~512TB Hard Drive, Intel HD Video Card, Intel WiFi, Bluetooth 5.1 Wireless, USB 3.1 / 2.0, HDMI and RJ-45 Ethernet jacks, keyboard, mouse and 24" monitor/touch-display. The 3PQ software license is included in the BOS package. The 3PQ Computer must have an active ethernet outlet nearby and be connected to the internet to store, record, and manage athlete 3PQ data. The 3PQ software subscription is included in the BOS package.

The hand-held Computer Tablet is used by trainers to access, deliver and record the training protocols stored in the ART system, while leading training sessions.

You are responsible for purchasing the Front Desk Computer with an active internet connection to manage center business, athlete scheduling, website content and credit or debit card processing transactions.

We have our web site on the internet at www.athleticrepublic.com. We may modify or change our web site if we modify any of our logos, trademarks, trade names, etc. We have developed an intranet system called the LockerRoom to improve franchisee communications. You must, at your expense, participate in our internet website, our intranet, and any other online or electronic communications that we develop and require our franchisees to participate in. The monthly software subscriptions for the Website and ~~Locker Room~~LockerRoom are included in the BOS package. We require you to utilize certain of our templates for your Training Center's website in order to provide a consistent style, look and feel with other franchisees and the Athletic Republic brand.

We will host your website. Your website template, content management software and any tutorials for learning how to customize your website with local content are provided as a guide to manage your Training Center's Franchised Business's website identified as www.city.athleticropublic.com (the "city" must be located within your Protected Territory). You will receive pre-launch website development and post launch support from our third-party website contractor. The website set-up, support and hosting fee until the Training Center is open, which shall not exceed 6 months, is included in the BAP Fee, so there is no cost associated with website development, management, hosting, online business listings with major search engines, social media integration, access to analytics or use of the CMS during the BAP process. After the earlier of the Training Center opening or 6 months you will pay us the monthly BOS Fee which includes hosting your website, maintaining the site and providing access to analytic reports for your review and interpretation. Any customer support or phone support and other website services from our website contractor (i.e., Search Engine Optimization) are contracted independently by you with the third-party provider. You agree to accept the change in BOS Fee monthly pricing as long as we provide 60 days' notice of any change in cost or service level. (Franchise Agreement – Section 8.H and Appendix F).

We will provide online scheduling and point-of-sale processing. As part of the BAP, you will receive up to 4 hours of initial training at no cost, after you have consumed the 4 hours of training for the set-up and use of the online scheduling software you will be billed at a rate of \$125 per hour. The subscription for the online scheduling and POS processing services is part of the BOS service fee and the associated fees are included in the BAP, so there is no cost associated with the online scheduling and point-of-sale transaction software (except for credit card swipe hardware and the credit card transaction fees) during the BAP process, which shall not exceed 6 months. After the earlier of the opening of the Training Center or 6 months, you will pay us the monthly BOS Fee which includes the online scheduling and point of sale software. We recommend the purchase of a credit card processing terminal that interfaces with the online scheduling and point-of-sale software for processing credit/debit card transactions. (Franchise Agreement – Section 8.H and Appendix F).

As part of BAP, we also provide Digital Advertising support and account management services as part of the Grand Opening Marketing Program, which may include some of the following lead generation, management and membership sales services: Facebook Advertising, Google AdWords, display and pay-per-click advertising, customer targeting and remarketing, and ~~an allocation for Direct Mail~~ Search Engine Optimization (SEO) support. The in-house sales team will utilize the CRM system to follow-up and groom leads, book training trials and sell memberships ~~for up to 30 days post-open~~. You may supplement the digital advertising and direct mail we place through the same third-party provider. As part of the Grand Opening Marketing Program, we have contracted with an independent Public Relations firm to develop and manage the introduction of you and your Training center to your community. (Franchise Agreement – Section 8.H and Appendix F).

As part of the Franchise Marketing Fund Fee, we provide you with access to our online Marketing Resource Center, where you may access and customize marketing materials, advertisements, flyers, social media posts, blog posts, targeted email messages, direct mail pieces, image gallery, logo gallery and more. The set-up, configuration, training, and use of the Marketing Resource Center is included. (Franchise Agreement – Section 4.D).

Manuals

A copy of the Table of Contents of the Manual is included in this Franchise Disclosure Document as Exhibit I. As of March ~~21, 19, 2025~~ 2023, the total number of pages in our Manuals is 2,9853,099.

Training

INITIAL TRAINING PROGRAM – SPORTS PERFORMANCE TRAINERS

<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of On-The-Job Training</u>	<u>Location</u>
The Level 1 Trainers Education and Certification course ¹ is administrated online through our learning management system and is for new trainers and interns and is taught online through a learning management system. The Level 1 course includes classes on exercise science, sports training, coaching philosophy, business operations, sales and marketing. The specific classes are listed in the Operations Manual. The classes may include: reference materials, an online lecture	10	As required to demonstrate competency	Made available to you electronically In the franchisee’s Training Center or at

<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of On-The-Job Training</u>	<u>Location</u>
with power-point presentations, webinar, video and require the passing of a tests to move to the next class, complete the course and earn the certification.			the Park City, Utah Training Center
The Level 2 Trainers Education and Certification course ² is administered online through our learning management system and is for network trainers who have earned their Level 1 certification. The Level 2 course includes classes on exercise science, running mechanics, coaching skills, training protocol and adaptations for youth, teen, college and adult athletes, customer service, customer retention, referral marketing. The specific classes are listed in the Operations Manual. Each class may include: reference materials, an online lecture with power-point presentation, webinar, video and require passing of a test to move to the next class, complete the course and earn the certification.	10	As required to demonstrate competency	Made available to you electronically In the franchisee's Training Center or at the Park City, Utah Training Center
The virtual Level 3 Trainers Education and Certification course ³ is a combination of hands-on experience and classroom interaction delivered at AR-HQ in Park City over five days to: <ul style="list-style-type: none"> - Help centers implement the training system and each training program – Acceleration, Ignition, Enhanced, Endurance, Tactical, Active AR-FIT, Recovery, Sensory, Personal and Return 2 Play Training Programs. - Teach the best training techniques and operating practices gathered from across the AR network, - Introduce new products, services, and training techniques - Deliver an extraordinary customer experience that helps each athlete and the business owner achieve their goals - Implement day-to-day marketing and sales programs that will boost athlete traffic to increase cash flow and Training Center profitability by implementing customer retention, referral, and acquisition strategies 	15	8	Virtual - Park City, Utah

<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of On-The-Job Training</u>	<u>Location</u>
<ul style="list-style-type: none"> - Understand how business planning, operating economics, and key performance indicators impact all aspects of the center’s operation - Learn how to recruit, develop and motivate the training center team 			
Essay and Practical Exams (Level 3)	3	-	Virtual - Park City, Utah
On-site / Pre-opening Training ⁴ (Training Center Only)	-	30	Your Franchised Location
Optional online scheduling, and point-of-sale and reporting training ⁵	4		Delivered by a qualified Instructor
Optional In-Center Training ⁶	-	24	Park City, Utah
ACL Bridge (optional part of Level 3) ⁷	3	2	Virtual - Park City, Utah

NOTES:

(1) All trainer and interns must complete Level 1 ~~certification~~before certification before they train athletes. We have created a New Employee Orientation curriculum and Level 1 Trainer Education curriculum that establishes a plan for introducing new Trainers and Interns to the Athletic Republic® training system. Additional support and reference materials are included in the Athletic Republic® Academy curriculum to expand intern knowledge and understanding.

(2) The Level 1 and Level 2 online training provides a series of courses that each include: online study and reference materials; online lectures that may be download; videos; and homework assignments. Supervision by the Director of Sports Performance Training is encouraged. These courses are available once the initial Franchise Fee payment is received. The Online Classroom Instruction is intended to provide you and your training team with a thorough understanding of the training system, training equipment, training protocols, athlete assessment tools, business development, business operating systems and additional components that deal with the operation of your franchise on a daily basis.

(3) With the exception of the Interactive Website Training that you may take on any computer with website access and the On-site Training, which will be conducted at your Franchised Location, the advanced Level 3 training is provided virtually or at our facilities in Park City, Utah or at a nearby hotel or other nearby location if additional space is necessary, or at another acceptable location we designate or offer portions of the training online through virtual meetings. We reserve the right to hold the training in a different city located within the continental United States provided we give sufficient notice to the attendees.

We provide access to the Levels 1 and 2 training every time a new franchisee signs a Franchise Agreement. We schedule a live or virtual Level 3 training and the ACL Bridge Program two times per year. We can schedule the optional In-Center Training in the Park City or another Training Center at your request, provided ~~that~~ you give us sufficient advanced written notice. We schedule the on-site / pre-opening training after the Fitness Equipment has been installed, as part of the Training Center’s ‘soft-opening’ process.

During each of the initial training sessions you will receive, at no charge to you, different manuals and other written materials. In addition, you will be provided with access to our online training materials. Kyle Ballew, our Vice President of Sports Performance Training, oversees our training and education curriculum, and Charlie Graves, our CEO, as well as members of the Athletic Republic executive team, contribute to the business-related topics. Mr. Ballew has a Masters Degree in Sports Physiology from the University of South Dakota State University and seventy-eight years of practical experience working with Athletic Republic and other sports performance training facilities. Mr. Graves has served as our CEO since March 2007 and has over 30 years of experience in business management and the sports industry. Other Athletic Republic executives, partners, and network members who have experience in some facet of the operation of our business (for example, business and training technology and operating systems, sports performance training, sales and marketing, business operations, customer service, and franchise economics) will assist in the teaching and training segments of the training.

You must have the Director of Sports Performance Training or Head Trainer attend and successfully complete our Level 1 and Level 2 Education and Certification courses before the date you open your Franchised Business. They must complete the Level 3 certification course on the next available date it is offered following their hire. Your Training Center must continuously have at least 1 trainer on staff who has earned a Level 3 certification. If the Training Center offers the ACL Bridge program, you must have the staff member administering the ACL Bridge program earn the ACL Bridge certification before the ACL Bridge protocols can be released to the operator.

Anyone training athletes in your Franchised Business must successfully complete our Level 1 training certification program before providing any Athletic Republic® training services. We encourage you, even if you will not have an operating role in the business, to participate in the multi-day Level 3 education program prior to opening. We charge a registration fee for participating in the Level 3 education and certification course, which is currently \$150 for the initial registration. Once Level 3 certified, any individual may attend or audit future Level 3 courses at no cost. The period of the Level 3 training program will be up to 5 days and will be scheduled by us at our discretion and may be delivered virtually. You will be responsible for travel costs, room and board, meals, the salaries, fringe benefits, registration fees and other expenses incurred by you and your employees in-attending if you choose to attend the Level 3 training program in-person (Franchise Agreement, Section 9.B).

(4) After the equipment has been installed in your Training Center, one of our Level 3 instructors will come on-site for up to 5 days to work with your Manager, Head Trainer and Training Team to make sure they are comfortable, knowledgeable and capable of conducting a Training Trial, utilizing and maintaining the Fitness Equipment and Business Operating Systems and delivering the Athletic Republic Training System. The cost of the on-site Instruction services is included in the initial BAP Fee.

(5) We provide Training Centers with online access to an introduction to the online scheduling, point-of-sale and reporting system and up to four one-hour training sessions with an account-specific customer support person to assist Training Centers with the set-up, configuration and understanding of the online scheduling, point-of-sale software, and reporting features at no additional cost. Your Head ~~Trainers should~~ Trainer should complete the online introduction prior to starting the individual Training Center sessions with the customer service representative. Additional training is available at a rate of \$125 per hour. We encourage you to complete such training at least 3 weeks before opening the Training Center.

(6) Before opening the Training Center, we encourage every new Head Trainer to invest three to six days into learning the Athletic Republic® system by working in our Park City Training Center to shadow training sessions, experience business development activities, learn operations, software and scheduling systems, and conduct training sessions under the supervision of our staff.

(7) The ACL Bridge Program was designed to bridge the gap in time between insurance-paid physical therapy sessions and an athlete’s readiness to return-to-completion/play. The training and certification are delivered virtually or via classroom and in our training center in Park City, Utah or another location we designate. A trainer must complete the course and pass an exam to earn the ACL Bridge Certification, before the ACL Bridge protocols will be released to the trainer and the trainer is allowed to deliver the ACL Bridge program to athletes.

INITIAL TRAINING PROGRAMS – MANAGERS

<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of On-The-Job Training</u>	<u>Location</u>
The Level 1 Managers Education and Certification course ¹ is administrated online through our learning management system and is for new General Managers, Assistant Managers, Sales & Marketing Managers and Membership Sales Consultants and is taught online through a learning management system. The Level 1 course includes classes on Athletic Republic programs, the Technology Systems Athletic Republic utilizing for scheduling, reporting, and Customer Relationship Management (CRM), Customer acquisition, retention and referral, Selling skills, Marketing Management including influencer marketing, SWOT anlaysis analysis, competitive analysis and Brand values, Training Center operations, staff communications and management, Customer service and Business economics. The classes may include: reference materials, an online lecture with power-point presentations, webinar, video and require the passing of a tests to move to the next class, complete the course and earn the certification.	10	As required to demonstrate competency	Made available to you electronically In the franchisee’s Training Center or at the Park City, Utah Training Center
The Level 2 Managers Education and Certification course ² is administered online through our learning management system and is for network trainers who have earned their Level 1 certification. The Level 2 course includes advance classes on sales, marketing, social media, customer communications, technology applications, data analytics, business operations and financial performance. Each class may include: reference materials, an online lecture with power-point presentation, webinar, video and require passing of a test to move to the next class, complete the course and earn the certification.	10	As required to demonstrate competency	Made available to you electronically In the franchisee’s Training Center or at the Park City, Utah Training Center

<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of On-The-Job Training</u>	<u>Location</u>
The Level 3 Managers GM Training Camp Education and Certification course ³ is a combination of hands-on experience and classroom interaction delivered at AR-HQ in Park City over four days to learn the AR System, business <u>planning, marketing 365</u> , development, communications, software systems, customer service, and applying KPI intelligence to improving and prioritizing business operations.	25	4	Park City, Utah
Essay and Practical Exams (Level 3)	2	-	Virtual - Park City, Utah
On-site / Pre-opening Training ⁴ (Training Center Only)	-	30	Your Franchised Location
Optional online scheduling, and point-of-sale and reporting training ⁵	4		Delivered by a qualified Instructor

NOTES:

(1) All General Managers, Assistant Managers, Sales & Marketing Managers and Membership Sales Consultants must complete the virtual Level 1, Managers Education and Certification Course during their first 2 weeks of employment. The Managers are also encouraged to complete the Level 1 Trainer Education and Certification course during their first month of employment. Additional support and reference materials are included in the Athletic Republic® Academy curriculum to expand manager knowledge and understanding.

(2) The Level 2 Manager Education and Certification course continues the professional development with specific courses on how to apply the basics of sales, marketing, business operations, data analytics and financial management to utilize Key performance Indicators (KPI) to prioritize specific elements of the business to improve operating performance and the customer experience.

(3) The Level 3 Manager Education and Certification course is delivered in-person at the Athletic Republic Headquarters in Park City, Utah two (or more) times each year. Over four consecutive days Managers will learn how to build the business, utilize marketing and sales skills to acquire and retain customers, motivate the training team, improve communication skills, operate the business efficiently, utilize technology, and foster culture in their training centers while making sure athletes receive an extraordinary training experience. Existing Training Center Managers are invited join the virtual portions of the GM Training Camp.

(4) During the final week before Grand Opening, an AR-HQ Sales Manager will come on-site for up to 5 days to work with your Manager, Head Trainer and Training Team to make sure they are comfortable, knowledgeable and capable of conducting a Training Trial, and selling the ~~the~~ Athletic Republic Training System. The cost of the On-site Instruction services are included in the initial BAP Fee.

(5) We provide Training Centers with online access to an introduction to the online scheduling, point-of-sale and reporting system and up to four one-hour training sessions with an account-specific customer support person to assist Training Centers with the set-up, configuration and understanding of the online

scheduling, point-of-sale software, and reporting features at no additional cost. Your Manager(s) should complete the online introduction prior to starting the individual Training Center sessions with the customer service representative. Additional training is available at a rate of \$125 per hour. We encourage you to complete such training at least 3 weeks before opening the Training Center.

You, your Manager and Head Trainer are expected to participate in monthly network webinars that are typically held on the first Thursday of each month and are encouraged to attend, at least ~~one~~once per quarter ~~of~~ the Open Office hours offered by Training, Sales & Marketing and Operations departments each month. Furthermore, either a business owner and/or your Manager or Head Trainer must attend, at your expense, all scheduled conventions we may hold or sponsor; and all meetings about new products, new operational procedures or programs, training, management, sales or sales promotion, or similar topics. We reserve the right to require that you, your Manager and/or Head Trainer attend any additional meetings at your expense that we deem appropriate under special circumstances, provided however, that we will give you written notice of any such meeting at least 60 days before the meeting.

Our Obligations Under the Area Development Agreement

A developer signs their initial Franchise Agreement at the time the Area Development Agreement is signed. Our obligations under the Franchise Agreement apply to a developer. Each time a developer signs another Franchise Agreement, our obligations are activated for the new Training Center to be established. We do not have separate obligations under the Area Development Agreement.

ITEM 12 TERRITORY

Training Center

Your Training Center will receive a “Protected Territory” that will have an Athlete Density of no less than 8,000 Potential Athletes and no more than 10,000 Potential Athletes. “Potential Athletes” means 30% of all Middle School, Junior High, and High School students enrolled in schools within the Protected Territory. We do not factor adult athletes, endurance athletes, athletes recovering from injury, or athletes who would participate in our tactical or active training in the Potential Athlete calculation, even though we have Training Programs designed to help them improve health, fitness, and athletic performance.

The criteria used for determining the boundaries of the Protected Territory for a Training Center include: the street address of the Training Center, the Training Programs you will offer, the population base; density of population; growth trends of population; apparent degree of affluence of population; the density of residential and business entities; enrollment of local Junior, Middle and Senior High School students; traffic generators; driving times; roadways; and major topographical features which clearly define contiguous areas, like rivers, mountains, military bases and underdeveloped land areas.

We will not, during the term of your franchise agreement, operate or grant others the right to operate any other Training Center within the Protected Territory, except as provided below.

Reservation of Rights.

We and our affiliates are restricted from operating or granting anyone else a franchise to operate a training center within your Protected Territory. However, we and our affiliates have the right to offer, sell and distribute, within ~~you~~or outside the Protected Territory software systems and pieces of equipment and accessories that are proprietary to us, including the PlyoPress with 3PQ Forceplate, PowerCords, ThrowingCords, KickingCords, PlyoCords, HittingCords, SprintCords, StartCords, Hamstring Cords, Warm-

up Cords, Hip Cords and wall mounts and all other cords, Balance Discs and Ramps, Recovery products, branded apparel that we may offer from time to time, nutritional supplements, other training products for home use, and other pieces of equipment and accessories that we may designate in the future, without compensation to any franchisee, provided that we will offer such products through channels other than training centers. You may not sell or otherwise transfer any piece of equipment or accessory that has been provided or required by us or that is otherwise used or of the type used in the operation of the Franchised Business and that is proprietary to us, including the items listed above, except for the Warm-up Cords, PowerCords ~~and~~, Balance Discs/Ramps and AR Training APP (if / when it becomes available) which you may offer for sale. We reserve the right to offer and sell products and/or services through alternative forms of distribution, such as the Internet, using the Marks or other marks within ~~you~~ or outside the Protected Territory. We do not owe any compensation to you for soliciting or accepting orders within your Protected Territory.

You have no right under the Franchise Agreement to (i) sublicense or subfranchise others to develop or operate Athletic Republic Businesses, (ii) use the Athletic Republic® brand, the Trademarks, the Patents Rights, or the System except pursuant to the terms of the Franchise Agreement, or (iii) enter into any agreement regarding the Trademarks, the Patents Rights or the System. We and our affiliates have the right outside of any Protected Territory granted to you to operate or grant others the right to develop and operate training centers and offer, sell, or distribute any products, software, or services associated with the System (now or in the future) under the Trademarks or any other trademarks, service marks or trade names or through any distribution channel or method, all without compensation to you. Furthermore, we and our affiliates have the right to operate and grant others the right to operate training centers or any other business within ~~you~~ and outside the Protected Territory under trademarks other than the Trademarks.

In addition, the following locations (“Special Sites”) are excluded from the Protected Territory and we have the right to develop, franchise, or otherwise do business at such locations in the Protected Territory: (i) professional sports teams; (ii) college athletic programs; (iii) military installations; (iv) Olympic training centers; (v) National Team training centers; and (vi) sports research centers, provided, however, that any business conducted at any Special Site shall be directly with the professional sports team (or an affiliate of them), with the college, with the governing group of any Olympic or National Governing Body (“NGB”) training center or for research purposes, as the case may be. We will limit these professional sports team, college, military, research, or Olympic training centers to providing the Products and software at its principal place of business or training facilities or on campus. The Products and software will be available only to employees of the professional sports team, athletes under contract with the professional sports team or prospective players, employees, study subjects, students of the college, and the athletes and trainers at any Olympic or National Team training centers.

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

Except as provided above, you may not sell any products under the Trademarks, or use any alternative distribution channel, ~~such as the Internet, to make sales inside or outside of your Protected Territory.~~ However, you may offer and sell the Training Programs directly at educational institutions, sports training facilities, clinics and hospitals, and other similar facilities located outside of the territories granted to other franchisees or licenses, provided ~~that~~ you may not establish any physical training facilities other than those at the Franchised Location or as a Satellite Training Center. No restrictions exist on franchisees soliciting customers in any area.

You may relocate your Franchised Location pursuant to our approval and subject to the following provisions. You must (i) give us notice of your intent to relocate at least 90 days before the date you anticipate closing the Franchised Location; (ii) procure and secure a site within the Protected and that is acceptable to us at

least 60 days before closing the Franchised Location; (iii) open the newly approved Franchised Location within 60 days of such closure; (iv) be current with all Royalty, Marketing and BOS Fees, and other payments owed to us; and (v) comply with any other conditions that we reasonably require. You must pay the Royalties and, Marketing and BOS Fees during the time that the Franchised Location is closed due to its relocation. You must pay the costs of any relocation, and we reserve the right to charge you for any reasonable costs that we incur, including legal fees and equipment extraction and/or installation costs. If you relocate the Franchised Location without our prior written consent or without fully complying with the requirements set forth in Section 7 of the Franchise Agreement, such relocation will be void, your interest in the Franchise Agreement will be voluntarily abandoned, and the Franchise Agreement will automatically terminate.

The Franchise Agreement does not contain any provisions under which you might receive any options, rights of first refusal or similar rights to acquire additional franchises within the Protected Territory or in any contiguous areas.

Area Development Agreement

If you and we enter into an Area Development Agreement requiring you to open and operate multiple Training Centers in a Development Territory, we will not establish or franchise anyone else to establish any training centers in the Development Territory up to the earliest of (i) the expiration or termination of the Area Development Agreement, (ii) the date on which you must execute the Franchise Agreement for your last Training Center pursuant to the terms of the Development Schedule attached to the Area Development Agreement or (iii) the date when the Protected Territory for your final Training Center under the Area Development Agreement is determined (except for Special Sites as noted above), at which time the Development Territory expires; provided, however, that if the Development Territory covers more than one city, county or designated market area, the protection for each particular city, county or designated market area shall expire upon the earliest of (a) any of the foregoing events or (b) the date when the Protected Territory for your final Training Center to be developed in such city, county or designated market area under the Area Development Agreement is determined. We determine the Development Territory in an Area Development Agreement using the same criteria that is used in deciding a Protected Territory for one Training Center. However, the Development Territory must be able to support the number of Training Centers you intend to establish in that area. As a result, the Development Territory generally consists of a portion of a city, county or designated market area.

We will approve sites for additional Training Centers developed under your Development Agreement using our then-current site selection criteria.

The rights and restrictions described above regarding what we and our affiliates can and cannot do in a franchisee's Protected Territory for a single Training Center are generally the same for the Development Territory set forth in an Area Development Agreement. In addition, we may terminate the Area Development Agreement if you (i) fail to exercise options to enter into Franchise Agreements with us within any period on the Development Schedule; (ii) fail to comply with any other terms and conditions of the Area Development Agreement; (iii) make or attempt to make a transfer or assignment in violation of the Area Development Agreement; or (iv) fail to comply with the terms and conditions of any individual Franchise Agreement or of any other agreement to which you and we or our affiliates are parties.

ITEM 13. TRADEMARKS

We grant you the right to operate a franchise under the name Athletic Republic®. You may also use our other current or future Trademarks to operate your franchise that we allow you in writing. By Trademark we mean trade names, trademarks, service marks and logos designated by us to identify your franchise.

We have federally registered the below trademarks on the United States Patent and Trademark Office Principal Register:

Description of Mark	Principal/ Supplemental Register of the United States Patent and Trademark Office	Registration Date	Registration Number
ATHLETIC REPUBLIC	Principal	03/17/2009	3,591,950
UNLEVEL THE PLAYING FIELD	Principal	09/09/2008	3,499,848
	Principal	03/17/2009	3,591,951
WHERE UNSTOPPABLE STARTS	Principal	06/19/2012	4,162,127
SUMMER OF SPEED	Principal	04/30/2013	4,329,249

You must follow our rules established in the Franchise Agreement, our published Brand Standards Manual or anywhere else when you use our Trademarks. You must use the name Athletic Republic® as the trade name of the Training Center. You may not use the words ‘Athletic’ or ‘Republic’ or any of the Trademarks as part of the name of your legal entity. You may not use our registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. All usage of the Trademarks by you and any resulting goodwill will be to our exclusive benefit. You retain no rights to our Trademarks when your Franchise Agreement expires or is terminated, for any reason, and you shall immediately stop using our Trademarks at that time. Any use or application of the Trademarks or trade name for any advertising, promotion, display or for any other purpose requires prior approval from us, which will not be unreasonably withheld.

You must use our website address configuration for your Franchised Business’ website address and the social media identifier we assign to you. The only approved website domain configuration, without prior written approval is [www.\[city\].athleticrepublic.com](http://www.[city].athleticrepublic.com). The [city] must be consistent with the address of the Franchised Location. You may not own a website domain name or any social media identifiers that include any part of any of our Trademarks without our prior written approval.

We have filed all required affidavits and renewals necessary to date to maintain the above registrations of our registered Trademarks. There are no currently effective determinations of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings regarding the Trademarks. There is no pending federal or state court litigation involving any Trademark that may affect the ownership or use of the Trademark. No agreements limit our right to use or license the use of our Trademarks.

We will protect and maintain all rights to our Trademarks against encroachment, misuse or unauthorized use and against all challenges to any rights of its use, as we deem appropriate. You must notify us immediately when you learn about an infringement of, or challenge to, the use of our Trademarks. We will control all litigation, and we will have the sole right to take the action we think appropriate, including bringing actions against third parties regarding use of any of our Trademarks, but the Franchise Agreement does not require us to take any action. You must take reasonable steps, without compensation, to assist us with any action we undertake. Under the Franchise Agreement we are not required to defend you against a claim based on your use of our trademarks, nor will we reimburse you for your liability. You may also be required to reimburse us for liability arising out of your unauthorized use of any of our Trademarks.

We may change the Trademarks to be used in your business and require you to adopt new trademarks designated by us as if they were part of the Franchise Agreement at the time of its execution. You must comply with such a change immediately after we notify you that a Trademark is discontinued, modified or changed. We will have no liability or obligation as a result of the discontinuation, modification or change. You must not directly or indirectly contest the validity of our ownership of the Trademarks or our right to use or license our Trademarks, trade secrets, confidential information or business techniques that are part of our business. You must use the appropriate designations of ®, ™, and ™ in advertising and promotions using the Trademarks.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

“Manual” includes all documents that we provide you and in which we describe the System and our operational policies, protocols, standards, education, marketing, requirements and practices, including those whose tables of contents are included in Exhibit I. Depending on the programs offered in your Franchised Business you will have the right to use several of our Manuals. We have obtained copyright protection for several pieces of the Manual including the following: (i) Frappier Acceleration® PowerCord Protocol Manual, Registration TXu-979-815, dated Jan. 19, 2001; (ii) Frappier Acceleration® Hockey Protocol Manual, Registration TXu-987-873, dated Jan. 19, 2001; (iii) Frappier Acceleration® Running Protocol Manual, Version 5, Registration TXu-987-874, dated Jan. 19, 2001; (iv) Frappier Acceleration® Sports Training Manual, Version 3, Registration TX5-476-640, dated Feb. 26, 2002; (v) Frappier Acceleration® Sports Training Manual, Version 4, Registration TX6-215-372, dated July 28, 2005; (vi) Frappier Acceleration® Sports Training Manual – Treadmill Protocol, Version 6, Registration TX6-234-747, dated July 28, 2005; (vii) Frappier Acceleration® Sports Training Manual – Treadmill Protocol, Version 7, Registration TX6-206-798, dated July 28, 2005; (viii) Frappier Acceleration® Online Training and Certification – Version 1.0, Registration TX6-207-897, dated July 28, 2005; (ix) Frappier Acceleration® Examinations – Version 1.0, Registration TX6-201-775, dated July 28, 2005; (x) FAST Training Video, Registration TX6-229-495, dated July 28, 2005; (xi) Frappier Acceleration® Sports Training Skating Protocol – Version 3, Registration TX6-295-110, dated Dec. 30, 2005; (xii) Frappier Acceleration® Hockey Protocol Manual – Version 1, Registration TX6-316-092, dated Jan. 6, 2006; (xiii) Frappier Acceleration® Sports Training Skating Protocol – Version 4, Registration TX6-330-533, dated Jan. 6, 2006; (xiv) Frappier Acceleration® ACL Bridge Protocol – Version 1, Registration TX6-308-083, dated January 6, 2006; (xv) Frappier Acceleration® ACL Bridge Instructional VHS – Version 1, Registration TX6-344-122, dated Jan. 6, 2006; (xvi) Get the Edge Brochure (Running), Registration TX6-865-275, dated July 22, 2008; (xvii) Get the Edge Brochure (Running & Hockey), Registration TX6-865,264, dated July 22, 2008; (xviii) Athletic Republic® Marketing and Sales (materials), Registration TXu 1-876-282, dated June 25, 2013; (xix) Athletic Republic® Training and Nutrition (materials), Registration TXu 1-876-274, dated June 25, 2013; (xx) Athletic Republic® Operations (manual and materials), Registration TXu 1-876-287, dated July 1, 2013; (xxi) Athletic Republic® Intern (training) Resources, Hockey (training) and (training) Equipment, Registration TXu 1-876-301, dated July 1, 2013; (xxii) Athletic Republic® Playbooks (network newsletters), Registration TXu 1-880-751, dated Aug. 5, 2013 and any subsequent copyrights issued.

In addition, we claim copyrights in the entire Manual and in our website and the information contained in the Manual or on our website is confidential and proprietary. The use of the Manual is limited only to you and your representatives for the purpose of operating the Franchised Business. You, your owners, representatives, and employees must keep confidential during and after the term of the Franchise Agreement all information contained in the Manual. You are responsible for ensuring that your owners, representatives, and employees maintain the confidentiality of our Training Protocols, Manual and other proprietary information and you must obtain from them Confidentiality Agreements in the forms attached to the Franchise Agreement. You can only use the information in the Manual in performing services during the term of, and directly in connection with the operation of, your franchise.

Our Business Acceleration Program and our Level 1, 2 and 3 Certification Courses for Trainers and Managers are part of the Manual and it includes a detailed resource for athlete handouts, business operations, best practices, equipment selection, staff hiring and development, trainer education, software applications, social media, sales and marketing, and brand standards.

There is no current material determination of, or any material proceeding pending in, the United States Patent and Trademark Office, the United States Copyright Office, or a court regarding these copyrights. No agreement limits the use of any of these copyrights. You must tell us immediately if you learn about an infringement or challenge to our use of these copyrights. We have no obligation to defend you against claims arising from your use of copyrighted items or to indemnify you for any expenses or damages in a proceeding involving a copyright we license to you. We will control all litigation, and we will take the action that we think appropriate, but we have no obligation to take any action. You also agree not to contest these or other trade secrets.

If we decide to add, modify, or discontinue the use of an item or process covered by a copyright, you must also do so, including potentially, the requirement that you purchase additional equipment. We have no obligation to reimburse you for any costs or ~~expensed~~expenses incurred by you in complying with this obligation.

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

We do not require that you personally supervise the Franchised Business. However, we do require “on premises” supervision. If you will operate a Training Center you must have a General Manager, Assistant Manager, Sales & Marketing Manager or Membership Sales Consultant (the “Manager”) as well as a Director of Sports Performance Training or Head Trainer. You, your Manager or Head Trainer shall, individually or collectively, serve as the “on premises” supervisor. Your Manager and Head Trainer must be appointed and approved by us at least 30 days before the Grand Opening of the Franchised Business and fully trained and certified before you open. Your Manager and Head Trainer shall successfully complete our initial training requirements including earning the respective Level 1 and Level 2 Certifications and shall complete all additional training as we may reasonably designate, prior to opening the Training Center. ~~They~~The Head Trainer must earn the Level 3 Certification and the Manager must attend the GM Training Camp the next time the course is offered. We do not require that your Manager or Head Trainer have an ownership interest in the Training Center.

You and your owners, guarantors, officers, directors, managers, trainers, employees, agents or any other individual or entity related to, or controlled by you must not disclose or use our confidential information except to operate your Franchised Business. You must obtain from all these persons and deliver to us confidentiality and non-solicitation agreements in the forms attached to the Franchise Agreement. You and anyone that at any time holds a 20% or greater equity interest in you, your guarantors, and your Manager, must also abide by the covenant not to compete described in Item 17.

All individuals or entities who, now or in the future, directly or indirectly, own a 20% or greater interest in you if you are a corporation, limited liability company, partnership, or a similar entity must execute the form of personal guaranty attached to the Franchise Agreement as Appendix I. In addition, if we are entering into the Franchise Agreement with you totally or partially based on the financial qualifications, experience, skills or managerial qualifications of any person or entity who directly or indirectly owns less than a 20% interest in the franchisee, that person or entity must also execute the form of personal guaranty. Furthermore, any individual or entity that at any time after the date of the Franchise Agreement, directly or indirectly acquires a 20% or

greater interest in the franchisee must execute the form of personal guaranty within 10 days from the date such person or entity acquires the 20% or greater interest in the franchisee.

**ITEM 16.
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You may offer only those products and services that we approve, except as stated in the following paragraph. You must offer all products and services that we designate as required for franchisees offering the Training Programs you will offer. You must operate in conformity with the methods, standards and specifications required by us to maintain uniformity within our franchise system. You must not deviate from our standards and specifications without our prior written consent. Our training programs and protocols may only be used with approved equipment obtained from us or preapproved suppliers. We have the right to add to the required products and services that you are required to offer.

You may not, without our prior written consent, offer or sell any other product or service that is similar to the Products listed in the Franchise Agreement on Appendix A, provided, however, that you may continue offering all the products and services that you offered at the Franchised Location before the date of the Franchise Agreement. We will generally approve products and services that are compatible or complimentary with the Athletic Republic® System and brand image as long as they do not compete with the Athletic Republic® products and services and do not affect the system negatively. Physical therapy, sports nutrition, and sports psychology services, along with turf rental and sport-specific camps are examples of approved services your Training Center may offer in addition to Athletic Republic Training programs. You may sell the Athletic Republic® Training Programs to any consumer.

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

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

THE FRANCHISE RELATIONSHIP

<u>Provision</u>	<u>Section in Agreements</u>	<u>Summary</u>
a. Length of the franchise term	Section 3 – Franchise Agreement Section 4 – Area Development Agreement	Initial Term is 11 years from the date you sign the Franchise Agreement. Term depends on the number of Training Centers to be developed under the Area Development Agreement as specifically set forth in Appendix B.
b. Renewal or extension of the term	Section 3 – Franchise Agreement	You can renew the Franchise Agreement for 2 additional 5-year periods. No renewal rights under the Area Development Agreement.
c. Requirements for you to renew or extend	Section 3 – Franchise Agreement	You must be in good-standing, be current on all financial reporting and obligations, pay the renewal fee and meet the requirements for renewal or extension and sign our then-current form of franchise agreement (modified to reflect that the agreement relates to the grant of a renewal), the terms of which may be materially different from your original franchise agreement, including higher Royalty, Marketing or other fees and modifications to the Protected Territory.
d. Termination by you	Not Applicable	You may terminate under any grounds available by law.

Provision	Section in Agreements	Summary
	Sections 7.A-F – Area Development Agreement	affiliates and us, and we may have the right, exercisable in our sole discretion, to purchase from you all or part of the assets used in the Training Centers that have been developed prior to the termination of the Area Development Agreement (also see below). We may modify the Protected Territories under the franchise agreements that are not terminated. Other obligations include those obligations noted above if existing Franchise Agreements are also terminated, plus payment of liquidated damages (subject to state law).
j. Assignment of contract by us	Section 12.C – Franchise Agreement Section 8.A – Area Development Agreement	No restriction on our right to assign.
k. “Transfer” by you - defined	Section 12.A – Franchise Agreement Section 8.B – Area Development Agreement	Any sale, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by your disability or death (for the Franchise Agreement) or by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of the Franchise Agreement, Area Development Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets used to operate the Franchised Business, or of any interest in you, or, for the Franchise Agreement, if you are a corporation, partnership, limited liability company or other entity, a transfer, pledge, assignment, or other disposition of 50% or more of any interest in your entity.
l. Our approval of transfer by you	Section 12 – Franchise Agreement Section 8.B – Area Development Agreement	We have the right to approve all transfers but will not unreasonably withhold our consent.
m. Conditions for our approval of transfer	Section 12.A – Franchise Agreement	(i) You have first tendered to us the right of first refusal and we do not exercise such right; (ii) the assignee must meet all of our then-current requirements for any potential new franchisee at the time of the proposed Transfer, including but not limited to: they pass our background check for financial stability, have not been personally bankrupt; have not committed a felony, are not currently a competitor, and have a net worth of more than \$500,000, and is prepared to follow the Athletic Republic system ; (iii) you are in full compliance with all your obligations under any Franchise Agreements and any other agreements executed between you and us or our affiliates, and all your debts and financial obligations to us and our affiliates, your suppliers and your landlord are current; (iv) you and your owners execute a written agreement in a form satisfactory to us in which you and your owners covenant to observe all applicable post-term obligations and covenants contained in the Franchise Agreement; (v) the proposed transferee executes our then-current standard form of franchise agreement (modified to reflect that the agreement relates to a Transfer), the terms of which may differ from the Franchise Agreement (including different fees, marketing contributions, and Protected Territory); (vi) the proposed transferee agrees in writing to perform such maintenance, remodeling and re-equipping of the Franchised Business that we determine necessary to bring the Franchised Business in compliance with our then-current standards, regardless of the cost of such modernizations and/or replacements; (vii) before the date of the proposed Transfer, the proposed transferee’s Manager and Head Trainer successfully complete such training

Provision	Section in Agreements	Summary
	Section 8.B – Area Development Agreement	<p>and instruction as we deem necessary; (viii) you and all holders of an interest in you execute a general release; (ix) you pay us a Transfer Fee of \$10,000; (x) the new owner pays us the \$3035,000 On-Boarding Fee; and (xi) you comply with any other conditions that we reasonably require from time to time as part of our Transfer policies.</p> <p>You cannot transfer rights under the Area Development Agreement unless you transfer all of your rights and interests under all Franchise Agreements.</p>
n. Our right of first refusal to acquire your business	Section 12.B – Franchise Agreement	We have the right of first refusal to acquire your Franchised Business. See o. below.
o. Our option to purchase your business	Sections 12.B and 14.B – Franchise Agreement	<p>You will not directly or indirectly sell, assign, trade, transfer, lease, sublease, or otherwise dispose of any interest in or any part of the equipment that we sell to you under the Equipment Purchase Agreement and any other equipment and any accessories that you later acquire from us or that are required by us without first offering the same to us in writing at a price equal to the higher of (i) the net book value of the equipment depreciated to the maximum extent permitted by applicable law or (ii) the amount offered to you by the approved third party. Upon our receipt of written notice specifying the proposed price and terms of the proposed sale or transfer, we will give you written notice within 60 business days after we receive the notice, which will either waive our right of first refusal to purchase or will state an interest in negotiating the purchase according to the proposed terms. If you and we begin negotiations pursuant to Section 12.B of the Franchise Agreement, you may not sell to a third party for at least 90 days or until we and you agree in writing that the negotiations have terminated, whichever occurs last. If we waive our right to purchase, you will have the right to complete the sale or transfer of the equipment according to the terms set forth in the written notice to us, but not upon more favorable terms to the proposed buyer. If you desire to sell, transfer, or assign any of the equipment to any proposed buyer upon terms more favorable than those which you have offered to us, you may not do so without first offering such equipment to us upon such more favorable terms in accordance with the provisions of Section 12.B of the Franchise Agreement. Any such sale, transfer, or assignment to a third party is limited to operators which hold a valid franchise or licensee agreement with us and is expressly subject to the provisions in Section 12 of the Franchise Agreement.</p> <p>In addition, upon the expiration or termination of the Franchise Agreement we have the right to purchase or designate a third party that to purchase all or any portion of the equipment purchased by you in the Equipment Purchase Agreement and any other equipment and any accessories that you subsequently purchased from us or that are required by us. We will have 60 days from the date of termination or expiration to notify you of our decision to exercise our rights under Section 14.B. In the event of termination, the purchase price for the assets we, or our designated party, decide to purchase shall be equal to the lesser of the Net Depreciated Book Value determined in accordance with Generally Accepted Accounting Principles in the United States or 35% of the purchase price paid by you for such asset. In the event of expiration, the</p>

Provision	Section in Agreements	Summary
	Section 7.E – Area Development Agreement	<p>purchase price for the assets we or our designated party decide to purchase shall be equal to the greater of the Net Depreciated Book Value determined in accordance with Generally Accepted Accounting Principles in the United States or (i) 10% of the purchase price paid by you for such assets if the expiration occurs at the end of the initial term or (ii) 5% of the purchase price paid by you for such assets if the expiration occurs at the end of a renewal term. Your rights to the software provided in return for payment of the BOS Fee will terminate and there is no re-purchase value assigned to the ART software, the Business Acceleration Program, the Marketing and Promotional Materials, Interior Graphics, Grand Opening Marketing, any of the balance, slam, reaction or medicine balls, the 3PQ computer and software, AR Vision, Ground-Based training equipment, or the Recovery and Health equipment.</p> <p>You will be responsible for all travel expenses, equipment packaging, removal and freight charges (including the specialized tools required for disassembly) equipment purchased or recovered from your Franchised Business. These expenses typically run from \$6,000 to \$20,000. We will charge you the amount to perform the services or deduct the total amount of the expenses we incur from the purchase price we must pay you if we exercise our purchase option.</p> <p>We require that your landlord and anyone providing you financing to buy, lease or otherwise obtain the equipment required by us must agree to our rights to re-purchase the equipment granted in Sections 12.B and 14.B of the Franchise Agreement and include the Lease Stipulations in the Franchise Agreement, Appendix J, in your lease. You must provide us <u>with</u> copies of the draft of your lease and the documents to be executed between you and any person or entity providing you the financing including such provision. You may not execute such documents before we provide our written approval to the provision referenced in this paragraph. If you fail to comply with these obligations and as a result our rights under Sections 12.B or 14.B of the Franchise Agreement are affected, you must pay us \$75,000 as liquidated damages.</p> <p>The right to purchase is qualified under the Area Developer Agreement depending on the reason for the termination of the Area Development Agreement.</p>
p. Your death or disability	Section 12.A – Franchise Agreement	Treated as any other transfer. If the rights to the Franchise is transferred to an immediate family member, there would be no Transfer Fee payment required.
q. Non-competition covenants during the term of the franchise	Section 11.A – Franchise Agreement	No involvement in competing business at any location, except that you may continue operating any business that you were operating at the time of execution of the Franchise Agreement (<u>provided that you disclosed such businesses to us before signing the Franchise Agreement</u>) (subject to applicable state law).
r. Non-competition covenants after the franchise is terminated or expires	Section 11.B – Franchise Agreement	No <u>You, anyone that at any time holds a 20% or greater equity interest in you, your guarantors, Manager and your Head Trainer, are not permitted to be involved with a competing business for 2 years after the termination, transfer or expiration of the Franchise Agreement: (i) at your former Franchised Business location; (ii) within the Protected Territory or within a 25-mile radius of; (iii) at any franchised or licensed business location or any facility using the Trademarks, the Patents Rights or the System (whether it is owned</u>

Provision	Section in Agreements	Summary
		by us or our affiliates or whether it is a licensed or franchised facility), except that you may continue operating any unrelated business that you were operating at the time of execution of the Franchise Agreement <u>in operation or under construction as of the date of termination, expiration or transfer (each an “Existing Location”); (iv) or within a 25-mile radius of any Existing Location</u> (subject to applicable state law). For a period of 2 years after the transfer, or the expiration or termination of the Franchise Agreement, no solicitation of any current, former, or prospective customer of the Franchised Business or any other customer of whom you have become aware as a result of your access to our System or other franchisees for any competitive purpose.
s. Modification of the agreement	Sections 8.E, 8.F and 14.A – Franchise Agreement Section 10.D – Area Development Agreement	No modifications to the Franchise Agreement or the Area Development Agreement generally. The Trademarks, the Manuals, the System or parts of the System, or other requirements are subject to change by us as stated in the Franchise Agreement or the Area Development Agreement.
t. Integration / merger clause	Section 16.E – Franchise Agreement Section 10.D – Area Development Agreement	Only the terms of the Franchise Agreement and Area Development Agreement are binding (subject to state law). Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.
u. Dispute resolution by arbitration or mediation	Section 15 – Franchise Agreement Section 9.B – Area Development Agreement	Except for certain disputes listed in Sections 15 of the Franchise Agreement and 9 of the Area Development Agreement, all disputes must be mediated and if not resolved by mediation, then submitted for binding arbitration in Salt Lake City, Utah under the auspices of the American Arbitration Association (subject to applicable state law).
v. Choice of forum	Section 15.D – Franchise Agreement Section 9.D – Area Development Agreement	Litigation must be brought in the United States District Court for the District of Utah or the State courts located in Salt Lake City, Utah (subject to applicable state law).
w. Choice of law	Section 15.A Section 9.A – Area Development Agreement	Except to the extent the United States Trademark Act of 1946 applies, the franchise relationship will be governed by the laws of the state of Utah (subject to applicable state law).

**ITEM 18.
PUBLIC FIGURES**

While Athletic Republic has trained many great collegiate, Olympic and Professional athletes, it does not compensate any public figure to promote its Brand or franchise system.

**ITEM 19.
FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the

actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

This Item 19 includes a historic representation of the past performance of Athletic Republic training centers. As of December 31, ~~2024~~2023, we had ~~3841~~ open U.S. franchised Training Centers, plus 11 license locations and 4 international locations.

Table 1 below contains the Training Center's real estate format, Athlete Density, Total Revenue, Gross Sales from Athletic Republic Services, and the square footage of the Athletic Republic training space from ~~2022~~ of the ~~3841~~ open U.S. Franchise Training Centers (the "Training Center Study Group") that were each open at the start of the ~~2024~~2023 calendar year under the same ownership and have granted us access to their Mindbody and/or AR Baseline software for online scheduling and point-of-sale transactions.

Excluded from this Item 19 are ~~4819~~ open Training Centers, of which: ~~five~~six began operations during ~~2024~~2023; nine operated only during after-school hours or less than 35 hours per week; ~~two transferred ownership during the past year; and two were~~ three are non-revenue businesses dedicated to training national ~~team, elite~~ or university ~~teams and~~ athletes, and one has not granted us access to their online scheduling software.

Table 2 presents the high, low, average, and median financial performance of the Training Center Study Group for comparison.

We have not audited or independently verified the data submitted by the Included Training Centers and no assurance can be offered that the data does not contain inaccuracies that an audit might disclose. Written substantiation for the financial performance representation will be made available to you upon reasonable written request.

Table 1

ATHLETIC REPUBLIC 2023 TRAINING CENTER PERFORMANCE							
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
STUDY GROUP ¹	REAL ESTATE FORMAT ²	ATHLETE DENSITY IN 10 MILE RADIUS ³	2023 TOTAL REVENUE ⁴	2023 AR GROSS SALES ⁵	AR GROSS SALES / ATHLETE DENSITY ⁶	AR SQ. FT. ⁷	AR GROSS SALES / SQ. FT. ⁸
Training Center A	Strip Retail	19,300	\$1,115,423	\$281,528	\$15	9,000	\$31
Training Center B	Flex	18,600	\$506,365	\$461,199	\$25	8,500	\$54
Training Center C	Flex	16,200	\$202,381	\$202,381	\$12	6,000	\$34
Training Center D	Strip Retail	16,000	\$393,069	\$393,069	\$25	3,600	\$109
Training Center E	Flex	15,800	\$317,179	\$317,179	\$20	3,800	\$83
Training Center F	CoLo - Health Club	15,500	\$2,427,226	\$1,344,511	\$87	8,000	\$168
Training Center G	Flex	15,400	\$170,766	\$170,696	\$11	8,000	\$21
Training Center H	Strip Retail	15,000	\$294,956	\$290,727	\$19	5,100	\$57
Training Center I	Flex	14,300	\$314,080	\$314,080	\$22	4,200	\$75
Training Center J	Strip Retail	12,000	\$201,263	\$134,551	\$11	6,000	\$22
Training Center K	Flex	11,100	\$290,286	\$290,286	\$26	5,148	\$56
Training Center L	Flex	10,050	\$726,859	\$679,947	\$68	7,500	\$91
Training Center M	Flex	9,900	\$676,630	\$629,266	\$64	6,700	\$94
Training Center N	Strip Retail	9,000	\$255,563	\$252,948	\$28	3,355	\$75
Training Center O	CoLo - Wellness Center	6,600	\$1,966,599	\$380,567	\$58	5,000	\$76
Training Center P	Flex	5,100	\$211,863	\$201,863	\$40	3,400	\$59
Training Center Q	CoLo - Wellness Center	4,800	\$741,245	\$254,821	\$53	4,200	\$61
Training Center R	Flex	3,300	\$255,538	\$255,164	\$77	4,000	\$64
Training Center S	CoLo - Health Club	1,400	\$591,105	\$397,050	\$284	3,000	\$132
Training Center T	Strip Retail	1,000	\$313,948	\$312,793	\$313	2,500	\$125

Table 1

ATHLETIC REPUBLIC 2024 TRAINING CENTER PERFORMANCE

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
STUDY GROUP ¹	REAL ESTATE FORMAT ²	ATHLETE DENSITY IN 10 MILE RADIUS ³	2024 TOTAL REVENUE ⁴	2024 AR GROSS SALES ⁵	AR GROSS		AR GROSS SALES / SQ. FT. ⁸
					SALES / ATHLETE DENSITY ⁶	AR SQ. FT. ⁷	
Training Center A	CoLo - SportsPlex	19,300	\$1,307,235	\$306,384	\$16	9,000	\$34
Training Center B	Flex	18,600	\$582,282	\$442,663	\$24	8,500	\$52
Training Center C	Flex	16,200	\$248,066	\$248,066	\$15	6,000	\$41
Training Center D	Strip Retail	16,000	\$413,984	\$413,984	\$26	3,600	\$115
Training Center E	Flex	15,800	\$268,687	\$268,687	\$17	3,800	\$71
Training Center F	CoLo - Health Club	15,500	\$2,564,220	\$1,423,142	\$92	8,000	\$178
Training Center G	Flex	15,400	\$205,185	\$205,185	\$13	8,000	\$26
Training Center H	CoLo-SportsPlex	14,200	\$324,458	\$324,458	\$23	6,000	\$54
Training Center I	CoLo - SportsPlex	12,000	\$349,288	\$261,875	\$22	5,300	\$49
Training Center J	Flex	11,100	\$444,825	\$319,965	\$29	5,148	\$62
Training Center K	Strip Retail	11,000	\$166,828	\$166,828	\$15	4,826	\$35
Training Center L	Flex	9,900	\$924,502	\$702,197	\$71	6,700	\$105
Training Center M	Flex	9,200	\$335,113	\$335,113	\$36	4,200	\$80
Training Center N	Flex	9,000	\$258,639	\$243,639	\$27	3,355	\$73
Training Center O	Strip Retail	7,500	\$141,203	\$141,203	\$19	3,650	\$39
Training Center P	CoLo - Wellness Center	6,600	\$2,445,408	\$473,224	\$72	5,000	\$95
Training Center Q	Strip Retail	6,500	\$123,023	\$123,023	\$19	3,585	\$34
Training Center R	Flex	5,100	\$210,697	\$193,441	\$38	3,400	\$57
Training Center S	CoLo - Wellness Center	4,800	\$855,592	\$286,967	\$60	4,200	\$68
Training Center T	CoLo - SportsPlex	3,300	\$331,779	\$303,489	\$92	4,000	\$76
Training Center U	CoLo - Health Club	1,400	\$467,983	\$467,983	\$334	3,000	\$156
Training Center V	Strip Retail	1,000	\$385,696	\$385,696	\$386	2,500	\$154

TABLE 1 NOTES:

(1) The Training Center Study Group includes twenty ~~(20)~~ (22) Athletic Republic® Training Centers with ~~2024~~2023 performance data on each Training Center.

(2) The flexibility of the Athletic Republic model allows Training Centers to be located in a strip retail center, flex or light industrial space, or Co-Located within a SportsPlex, Ice Rink, Community Recreation Center, Baseball Training Facility, Health Club, Wellness Center, Office Building, Physical Therapy Clinic or Sports Medicine Center.

(3) Athlete Density is the number of athletes Athletic Republic considers potential customers attending Middle School or High School in a 10-mile or 25-minute radius of the Training Center. This geographic area has historically provided 70-75% of the student-athlete customers to the Training Center.

The student enrollment data is collected for Middle Schools and High Schools located within a 10-mile radius of the Training Center. The total enrollment is then multiplied by 30%, which represents half of the student athletes participating in organized sports.

~~Adult-athletes~~Adults likely to participate in Athletic Republic ~~training~~fitness programs are not included in the calculations.

(4) Total Revenue is the amount of revenue from all sources, including Athletic Republic® Gross Sales, sub-leasing space to third parties, facility or turf rental, birthday parties and similar special events, retail merchandise and/ supplements and other sources of revenue that are not considered Athletic Republic Products or Services, that the franchise owner/operator generated through the business in 20242023.

(5) AR Gross Sales is defined as the total revenues and receipts collected by the Training Center from the sale of any of the Products or any Services and merchandise related to the Products or in any way utilizing any part of our proprietary Manuals or protocols or use of the Athletic Republic® brand either inside or outside the Training Center. Training Centers pay Royalties on AR Gross Sales, not on Total Revenue.

(6) AR Gross Sales generated per Potential Athlete is calculated by dividing the Training Center's 20242023 AR Gross Sales (Column 5) by the Athlete Density (Column 3) to establish a baseline measure for a Training Center's performance against its market opportunity.

(7) The amount of Square Footage allocated to Athletic Republic training includes any pro-rated share of reception, office, storage, and bathrooms.

(8) The annual Gross Sales per square foot is determined by dividing the 20242023 AR Gross Sales (Column 5) by the AR Square Footage allocation (Column 7).

Table 2

ATHLETIC REPUBLIC 2023 TRAINING CENTER PERFORMANCE - ANALYSIS							
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
STUDY GROUP	REAL ESTATE FORMAT	ATHLETE	2023 TOTAL REVENUE	2023 AR GROSS SALES	AR GROSS	AR SQ. FT.	AR GROSS
		DENSITY IN 10 MILE RADIUS			SALES / ATHLETE DENSITY		SALES / SQ. FT.
High in Study Group		11,100	\$211,863	\$201,863	\$11	5,148	\$70
Average in Study Group		5,256	\$477,094	\$292,495	\$72	3,335	\$57
Median in Study Group		500	\$1,278,852	\$212,930	\$34	5,050	\$37
Low in Study Group		1,000	\$741,245	\$254,821	\$313	2,500	\$61
First & Second Quartile (Average)*		3,315	\$392,275	\$208,307	\$49	2,476	\$46
Third & Fourth Quartile (Average)*		6,042	\$530,349	\$346,507	\$91	3,690	\$61

ATHLETIC REPUBLIC 2024 TRAINING CENTER PERFORMANCE - ANALYSIS							
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
STUDY GROUP		ATHLETE	2024 TOTAL REVENUE	2024 AR GROSS SALES	AR GROSS	AR SQ. FT.	AR GROSS
		DENSITY IN 10 MILE RADIUS			SALES / ATHLETE DENSITY		SALES / SQ. FT.
High in Study Group		19,300	\$2,564,220	\$1,423,142	\$386	9,000	\$156
Average in Study Group		11,470	\$607,032	\$365,328	\$66	5,080	\$75
Median in Study Group		10,450	\$342,201	\$304,937	\$26	4,513	\$65
Low in Study Group		1,000	\$123,023	\$123,023	\$16	2,500	\$26
Top 2 Quartiles - Average (AR Gross Sales)*		11,164	\$926,882	\$508,619	\$101	5,604	\$99
Bottom 2 Quartiles - Average (AR Gross Sales)*		9,691	\$287,181	\$222,037	\$31	4,556	\$52

TABLE 2 NOTES:

The data presented in Table 2 considers the information in each column independent of another column and provides the aggregated insights of Average and Median performance for the full year of 20232024. The Median represents the middle number of which half of the included Training Centers exceeded the number and which half did not. *The Quartile ranking is based on Athletic Republic Gross Sales (Column 5).

The averages presented above are calculated by adding the Total Revenue/AR Gross Sales of the ~~2022~~ Training Centers and dividing by ~~2022~~. Of the ~~2022~~ Training Centers, ~~65~~ (or ~~3023~~%) exceeded the Total Revenue Average and 7 (or ~~3532~~%) exceeded the AR Gross Sales Average.

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

The financial performance representations do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Franchised Business. Franchisees or former franchisees may be one source of this information.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the Franchisor's management by contacting our CEO, Charlie Graves at 3126 Quarry Road, Suite F, Park City, Utah 84098, 435-647-9000, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1
Systemwide Outlet Summary for Years ~~2021~~~~2022~~ to ~~2023~~~~2024~~**

Column 1 Outlet Type	Column 2 Year	Column 3 U.S. Outlets Open at the Start of the Year	Column 4 U.S. Outlets Open at the End of the Year	Column 5 Net Change
Franchised	2021 2022	3133	3337	24
	2023 2022	3337	3738	41
	2024 2023	3738	3841	13
Company Owned	2022 2021	0	0	-0
	2023 2022	0	0	0
	2024 2023	0	0	0
Total Outlets	2022 2021	3233	3337	1
	2023 2022	3337	3738	4
	2024 2023	3738	3841	1

* In addition, we have ~~seventeen (17)~~~~eleven (11)~~ licensed outlets and four (4) International Outlets operating in Australia and Japan.

Table No. 2
Transfer from Franchisees to New Owners (Other than the Franchisor)
For Years ~~2021~~2022 to ~~2023~~2024

Column 1 State	Column 2 Year Year	Column 3 Number of Transfers Number of Transfers
<u>Indiana</u>	<u>2022</u>	<u>0</u>
	<u>2023</u>	<u>0</u>
	<u>2024</u>	<u>1</u>
Michigan	2022 <u>2021</u>	0 <u>1</u>
	2022	1
	2023	0
	<u>2024</u>	<u>0</u>
New Jersey	2022 <u>2021</u>	0
	2022	0
	2023	1
Texas	<u>2021</u> <u>2024</u>	0
<u>Texas</u>	2022	1
	2023	1
<u>Total</u>	<u>2021</u> <u>2024</u>	0
<u>Total</u>	2022	2
	2023	2
	<u>2024</u>	<u>1</u>

Table No. 3
Status of Franchised Outlets
For Years ~~2021~~2022 to ~~2023~~2024

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Open Outlets at End of the Year
Arkansas	2022 <u>2021</u>	0 <u>1</u>	0 <u>0</u>	0	0	0	0	1
	2023 <u>2022</u>	1	0	0 <u>1</u>	0	0	0	1
	<u>2023</u> <u>2024</u>	<u>0</u>	0	<u>0</u>	0	0	0	0
California	2022 <u>2021</u>	1 <u>2</u>	1	0	0	0	0 <u>1</u>	1 <u>2</u>
	2022 <u>2023</u>	2 <u>1</u>	0	0	0	0	<u>1</u>	1
	<u>2023</u> <u>2024</u>	1	0	0	0	0	0	1

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Open Outlets at End of the Year
Connecticut	2022 2021	1	0	0	0	0	0	1
	2023 2022	1	0	0	0	0	0	1
	2023 2024	1	0	0	0	0	0 1	1 0
Florida	2022 2021	2	0 1	0	0	0	0	2 3
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>2</u>
Georgia	2022 2021	2	0	0	0	0	0 1	2 1
	2022	2	0	0	0	0	1	1
	2023	1	0	0	0	0	0	1
	2024	<u>1</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Indiana	2022 2021	2	0 1	0	0	0	0	2 3
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Iowa	2021 2024	1 3	0 1	0	0	0	0	1 4
<u>Iowa</u>	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Louisiana	2021 2024	0 1	0	0	0	0	0	0 1
-	2022	0	0	0	0	0	0	0
-	2023	0	0	0	0	0	0	0
Maryland	2022 2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	1	0	0	2
	2024	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Massachusetts	2022 2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Michigan	2022 2021	2	0	0	0	0	0	2
	2023 2022	2	0	0	0	0	0	2
	2023 2024	2	0	0	0	0	0	2
Minnesota	2022 2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Missouri	2021	1	0	0	0	0	0	1
-	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nevada	2021 2024	0 1	0	0	0	0	0	0 1
<u>Missouri</u>	2022	0 1	0	0	0	0	0	0 1
	2023	0 1	1 0	0	0	0	0	0 1
	2024	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>Nevada</u>	2022	0	0	0	0	0	0	0
	2023	0	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Open Outlets at End of the Year
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
New Jersey	2022 <u>2021</u>	2	0	0	0	0	0	2
	2023 <u>2022</u>	2	0	0	0	0	0	2
	2023 <u>2024</u>	2	0	0	0	0	0	2
New York	2022 <u>2021</u>	1	0 <u>1</u>	0	0	0	0	1 <u>2</u>
-	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
-	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
North Carolina	2022 <u>2021</u>	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023 <u>2024</u>	1	0	0	0	0	0	1
North Dakota	2022 <u>2021</u>	1	0 <u>1</u>	0	0	0	0	1 <u>2</u>
	2023 <u>2022</u>	1 <u>2</u>	0 <u>0</u>	0	0	0	0	2
	2023 <u>2024</u>	2	0	0	0	0	0	2
Ohio	2022 <u>2021</u>	3	0	0	0	0	0	3
	2023 <u>2022</u>	3	0	0	0	0	0 <u>1</u>	3 <u>2</u>
	2023 <u>2024</u>	3 <u>2</u>	0	0	0	0	1 <u>0</u>	2
Pennsylvania <u>Oregon</u>	2021 <u>2022</u>	3 <u>0</u>	0	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	3 <u>0</u>
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
<u>Pennsylvania</u>	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
<u>South</u>	2021 <u>2024</u>	3 <u>3</u>	0	0	0	0	0	3 <u>3</u>
<u>South Dakota</u>	2022	1	0	0	0	0	0	1
<u>Dakota</u>	2023	1	0	0	0	0	0	1
<u>Tennessee</u>	2021 <u>2024</u>	0 <u>1</u>	0 <u>2</u>	0	0	0	0	0 <u>3</u>
<u>Tennessee</u>	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<u>Texas</u>	2021 <u>2024</u>	0 <u>1</u>	0	0	0	0	0	0 <u>1</u>
<u>Texas</u>	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
<u>Utah</u>	2021 <u>2024</u>	2 <u>1</u>	1	0	0	0	0 <u>1</u>	2 <u>3</u>
<u>Utah</u>	2022	2	1	0	0	0	0	3
	2023	3	1	0	0	0	0	4
<u>Total</u>	2021 <u>2024</u>	31 <u>4</u>	3 <u>0</u>	0	0	0	1	33 <u>3</u>
<u>Total</u>	2022	33	6	0	0	0	2	37
	2023	37	4	1	1	0	1	38
-	<u>2024</u>	<u>38</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>	<u>41</u>

Table No. 4
Status of Company-Owned Outlets
For Years ~~2021~~2022 to ~~2023~~2024

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Licensees	Column 6 Outlets Reacquired from Franchisees	Column 7 Outlets Closed	Column 8 Outlets Sold to Franchisees	Column 9 Co-Owned Outlets at End of the Year
Utah Total	2021 2022	+0	0	0	0	0	+0	0
	2023 2022	0	0	0	0	0	0	0
	2023 2024	0	0	0	0	0	0	0
Total	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

Table No. 5
Projected Openings as of December 31, ~~2023~~2024

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Georgia Arizona	1	0	0
Indiana California	0	1	0
North Carolina Florida	0	2 1	0
Kentucky	1	0	0
Massachusetts	0	1	0
New Hampshire	0	1	0
Oregon	+0	0	0
Pennsylvania	0 1	+0	0
South Dakota	0	1	0
Texas	2	0 1	0
Utah	+0	0	0
TOTALS	5	5 6	0

Exhibit F lists the names of all current franchisees and licensees and the address and telephone number of each of their outlets, and the name, city and state, and current business telephone number, or if unknown, the last known telephone number of every franchisee or licensee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 years, in some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak to current and former franchisees but be aware that not all of those franchisees will be able to communicate with you.

There is no franchisee organization associated with the franchise system created, sponsored, or endorsed by us. No franchisee organization associated with the franchise system has requested to be included in this disclosure document.

**ITEM 21.
FINANCIAL STATEMENTS**

Attached as Exhibit E are copies of our audited financial statements for the fiscal years ended December 31, ~~2021~~, 2022, 2023 and ~~2023~~2024. Our fiscal year end is December 31.

**ITEM 22.
CONTRACTS**

A copy of the Franchise Agreement (and all exhibits to it) is attached as Exhibit C. A copy of the Area Development Agreement (and all exhibits to it) is attached as Exhibit D. A copy of the Franchisee Questionnaire is attached as Exhibit G. A copy of the Confidential Disclosure Agreement is attached as Exhibit H.

**ITEM 23.
RECEIPT**

You will find copies of a detachable receipt at the very end of this disclosure document.

EXHIBIT A
STATE SPECIFIC ADDENDA TO ATHLETIC REPUBLIC®
DISCLOSURE DOCUMENT

ADDENDUM TO ATHLETIC REPUBLIC®
DISCLOSURE DOCUMENT FOR THE
STATE OF CALIFORNIA

The following information applies to franchises and franchisees subject to California statutes and regulations. The Item number corresponds to those in the main body. **The registration of this offering does not constitute approval, recommendation, or endorsement by the commissioner.**

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal.
2. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).
3. The Franchise Agreement contains covenants not to compete which extend beyond the termination of the agreement. These provisions may not be enforceable under California law.
4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.
5. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending of a franchise. If the Franchise Agreement contains provisions that are inconsistent with the law, the law will control or expelling such persons from membership in such association or exchange.
6. The franchise agreement requires binding arbitration. The arbitration will occur in Utah.
7. 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.
8. The Franchise Agreement requires application of the laws of Utah. This provision may not be enforceable under California law.
9. The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of the Initial Franchise Fee from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the Development and Initial Franchise Fee attributable to a specific unit in your development schedule is deferred until that unit is open.
10. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

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

12. 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 AT LEAST 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

13. OUR WEBSITE www.athleticrepublic.com 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 OR AT WWW.DFPI.CA.GOV.

14. Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable: (a) representations made by the franchisor or its personnel or agents to a prospective franchisee; (b) reliance by a franchisee on any representations made by the franchisor or its personnel or agents; (c) reliance by a franchisee on the franchise disclosure document, including any exhibit thereto; or (d) violations of any provision of this division.

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20__.

ADDENDUM TO ATHLETIC REPUBLIC®
DISCLOSURE DOCUMENT FOR THE
STATE OF ILLINOIS

The following information applies to franchise and franchisees subject to the Illinois Franchise Disclosure Act of 1987. Item numbers correspond to those in the main body:

1. Items 5 and 7

Payment of Initial Franchise and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

2. Item 17

Illinois law governs the Franchise Agreement.

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 of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Illinois law, 815 ILCS 705/41, provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void. Therefore, any condition, stipulation, or provision in the Franchise Agreement or Area Development Agreement purporting to bind Illinois franchisees to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

ADDENDUM TO ATHLETIC REPUBLIC®
FRANCHISE DISCLOSURE DOCUMENT FOR THE
STATE OF MARYLAND

The following information applies to franchises and franchisees subject to Maryland statutes and regulations. The Item number corresponds to those in the main body.

Item 5 - Initial Fees

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, the Initial Franchise and, if applicable, Development Fees owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

Item 17 - General Release; Termination

Item 17 of the disclosure document is revised to include the following:

General Release. The general release required as a condition of renewal and/or assignment, as well as any other provision of the Franchise Agreement which may be construed to contain or require a general release, will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Termination by Athletic Republic, Inc. The Franchise Agreement provides for termination if you are insolvent under any applicable state or federal law. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Statute of Limitations. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Any representations that require the waiver of the occurrence and/or acknowledgment of the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law are not intended to, nor shall they act as, a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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.

**NOTICE MANDATED BY SECTION 8 OF
MICHIGAN'S FRANCHISE INVESTMENT ACT**

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

- (a) A prohibition 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 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 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 arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable 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.

Franchisees have the right to request that franchisor arranges for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow. The escrow agent shall be a financial institution authorized to do business in the State of Michigan. The escrow agent may release to the franchisor those amounts of the escrowed funds applicable to a specific franchisee upon presentation of an affidavit executed by the franchisee and an affidavit executed by the franchisor stating that the franchisor has fulfilled its obligation to provide real estate, improvements, equipment, inventory, training, or other items. The escrow agent may also perform partial releases of escrowed funds upon receipt of affidavits of partial fulfillment of the franchisor's obligation.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

Any questions regarding this notice should be directed to:

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
525 W. Ottawa Street
Williams Building, 1st Floor
Lansing, Michigan, 48933
Telephone Number (517) 373-7117

ADDENDUM TO ATHLETIC REPUBLIC®
DISCLOSURE DOCUMENT FOR THE
STATE OF MINNESOTA

The following information applies to franchises and franchisees subject to Minnesota statutes and regulations. The Item number corresponds to those in the main body.

Items 5 and 7

Items 5 and 7 of the disclosure document are amended to state that payment of the Initial Franchise Fee under the Franchise Agreement is deferred until the franchisee commences doing business and payment of the area development fee is deferred until the first franchise is opened.

Item 13

Item 13 of the disclosure document is amended to state that we will protect your right to use the Trademarks and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Trademarks when your right to use the Trademarks requires protection.

Item 17

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

The disclosure document is amended to state that we will comply with Minn. Stat. 80C.14 subdivisions 3, 4, and 5, which require, except in certain specific cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release. The disclosure document is modified accordingly to exclude claims under the Minnesota Franchise Law.

Minn. Rule 2860.4400J prohibits a franchisor from requiring a franchisee to consent to termination penalties or liquidated damages. Therefore, the requirement that the franchisee consent to termination penalties or liquidated damages is deleted from Items 10, 11, 17(i), 17.(o) and from any other place it appears in the disclosure document.

Minn. Rule 2860.4400J prohibits a franchisor from requiring a franchisee to waive its rights to a jury trial or to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Therefore, the requirement that the franchisee waive its right to a jury trial is deleted from the Franchise Agreement and from any other place it appears in the disclosure document.

Any claims arising under the Minnesota Franchise Law must be brought within 3 years after the grant of the Franchise Agreement.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any

statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

ADDENDUM TO ATHLETIC REPUBLIC®
DISCLOSURE DOCUMENT FOR THE
STATE OF NEW YORK

The following information applies to franchises and franchisees subject to New York statutes and regulations. The Item number corresponds to those in the main body.

Cover Page.

IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. 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.

Item 3. Neither we, our affiliates nor any person identified in Item 2 of this disclosure document:

A. 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, including 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.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

C. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Item 4.

In the prior 10-year period immediately before the date of this disclosure document, neither the franchisor, nor its predecessor or officers has (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer of the franchisor held this position in the company or partnership, except as noted in Item 4.

Item 5.

The Initial Franchise Fee will be used to cover our expenses with regards to our pre-opening obligations. We deposit your initial franchise fee into our general bank account and use it for our general corporate purposes. If there is any amount left over, we will use the funds for our own uses, and in our complete discretion.

Item 17. Item 17 of the disclosure document is modified as follows:

1. At the top of such table the following statement will be included:

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.

2. The following is added to the end of the “Summary” provision c. titled “Requirements for franchisee to renew or extend,” and provision 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.

3. Provision d. is amended to include the sentence: “The franchisee may terminate the agreement upon any grounds available by law.

4. The following is added to the end of the “Summary” section of provision j. titled “Assignment of contract by franchisor”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

5. The following is added to the end of the “Summary” sections of provision v. titled “Choice of forum”, and provision 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.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee’s understanding of the law and facts as of the time of the franchisee’s investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

ADDENDUM TO ATHLETIC REPUBLIC®
DISCLOSURE DOCUMENT FOR THE
STATE OF NORTH DAKOTA

The disclosure document for use in the State of North Dakota is hereby modified as follows:

1. Items 5 and 7 of the disclosure document are amended to state that payment of the Initial Franchise Fee is deferred until the date we ship your Fitness Equipment.
2. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to sign a general release upon renewal of the Franchise Agreement. Therefore, the requirement that the franchisee signs a release upon renewal of the Franchise Agreement is deleted from Item 17(c) and from any other place it appears in the disclosure document.
3. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to consent to termination or liquidated damages. Therefore, the requirement that the franchisee consent to termination or liquidated damages is deleted from Items 10, 11, 17(i), 17(o), and from any other place it appears in the disclosure document.
4. Item 17(r) is revised to provide that covenants not to compete, such as those mentioned in Item 17(r) of the disclosure document are generally considered unenforceable in the state of North Dakota.
5. **No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.**

ADDENDUM TO ATHLETIC REPUBLIC®
DISCLOSURE DOCUMENT FOR THE
STATE OF SOUTH DAKOTA

The following information applies to franchises and franchisees subject to South Dakota statutes and regulations. The Item number corresponds to those in the main body.

Items 5 and 7. Based upon the franchisor's financial condition, South Dakota has required a financial assurance. Therefore, the Initial Franchise and, if applicable, Development Fees owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

ADDENDUM TO ATHLETIC REPUBLIC®
DISCLOSURE DOCUMENT FOR THE
STATE OF VIRGINIA

The following information applies to franchises and franchisees subject to Virginia statute § 13.1-564. The Item number corresponds to those in the main body.

Item 5. Item 5 of the disclosure document is amended to state that “the Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the Initial Franchise Fee owed by franchisees to the franchisor until the date the franchisor has completed its pre-opening obligations under the Franchise Agreement.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Athletic Republic, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 17.h.

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 or development 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 disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee’s understanding of the law and facts as of the time of the franchisee’s investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

ADDENDUM TO ATHLETIC REPUBLIC®
DISCLOSURE DOCUMENT 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, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

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

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise

agreement or elsewhere are void and unenforceable in Washington. The undersigned does hereby acknowledge receipt of this addendum.

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

The undersigned does hereby acknowledge receipt of this addendum.

ATHLETIC REPUBLIC, INC.

By _____

By _____

Its _____

Its _____

ADDENDUM TO ATHLETIC REPUBLIC®
DISCLOSURE DOCUMENT FOR THE
STATE OF WISCONSIN

The following information applies to franchises and franchisees subject to the Wisconsin Fair Dealership Law. The Item number corresponds to those in the main body:

Item 17.

1. For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation, or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation, or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

2. For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

EXHIBIT B

LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

California Department of Financial
Protection and Innovation
2101 Arena Boulevard
Sacramento, California 95834
(866) 275-2677

FLORIDA

Florida Department of Consumer Services
Mayo Building, Second Floor
Tallahassee, Florida 32399-0800
(904) 922-2770

HAWAII

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

ILLINOIS

Illinois Office of Attorney General
Franchise Bureau
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

Indiana Securities Division
(Administrator)
302 W. Washington Street, Room E111
Indianapolis, Indiana 46204
(317) 232-6531

KENTUCKY

Kentucky Office of the Attorney General
Consumer Protection Division
P.O. Box 2000
Frankfort, Kentucky 40602
(502) 573-2200

MARYLAND

Maryland Office of Attorney General
Division of Securities
200 St. Paul Place, 20th Floor
Baltimore, Maryland 21202-2020
(410) 576-6360

**Registered Agent to Receive Service of
Process**

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

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Unit
670 Law Building
Lansing, Michigan 48913
(517) 373-7117

MINNESOTA

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

NEBRASKA

Nebraska Department of Banking &
Finance
1200 North Street, Suite 311
P.O. Box 95006
Lincoln, Nebraska 68509-5006
(402) 471-3445

NEW YORK

New York Secretary of State
99 Washington Avenue
Albany, New York 12231
(518) 473-2492

New York State Department of Law
Investor Protection Bureau
28 Liberty St, 21st Floor
New York, New York 10005
(212) 416-8285

NORTH DAKOTA

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

OREGON

Oregon Department of Consumer &
Business Services
Division of Finance and Corporate
Securities
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

RHODE ISLAND

Chief Securities Examiner
Rhode Island Department of Business
Regulation
Banking Division, Franchise Section
1511 Pontiac Ave. – Building 69-1
Cranston, Rhode Island 02920-440
(401) 222-3048

SOUTH DAKOTA

South Dakota Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, South Dakota 57501-2017
(605) 773-3563

TEXAS

Statutory Document Section
Texas Secretary of State
1019 Brazos Street, Room B05
Austin, Texas 78701
(512) 475-1769

UTAH

State of Utah
Division of Consumer Protection
P.O. Box 45804
Salt Lake City, Utah 84145-0804
(801) 530-6601

VIRGINIA

Virginia State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

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

WASHINGTON

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

WISCONSIN

Wisconsin Commissioner of Securities
201 West Washington Ave., 3rd Floor
Madison, Wisconsin 53703
(608) 266-8818

EXHIBIT C
FRANCHISE AGREEMENT



THE ATHLETIC REPUBLIC®
FRANCHISE AGREEMENT

BETWEEN

ATHLETIC REPUBLIC, INC.
3126 Quarry Road, Suite F
Park City, Utah 84098

and

Name of Franchisee

Street Address

City

State

ZIP

FRANCHISED LOCATION:

THE ATHLETIC REPUBLIC®
FRANCHISE AGREEMENT

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APPENDIXES A-K

THE ATHLETIC REPUBLIC®
FRANCHISE AGREEMENT

This Franchise Agreement (this “Agreement”) is executed as of this ____ day of _____, ~~202~~2025, between ATHLETIC REPUBLIC, INC., a North Dakota corporation with its principal place of business at 3126 Quarry Road, Suite F, Park City, Utah 84098 (“we” or “us”) and _____, a(n) _____ whose principal business address is _____ (“franchisee” or “you”). If the franchisee is a corporation, partnership, limited liability company or other legal entity, certain provisions in this Agreement also apply to its owners.

BACKGROUND:

A. We have developed a system to operate unique performance sports training centers providing evidence-based performance sports training standards, programs and equipment to help adults and athletes assess their capabilities, maximize their full athletic potential and improve upon the athletic skills defined by speed, power, strength, quickness, agility, proprioceptive awareness, stability, stamina, overall athleticism and fitness using a evidence-based training system and proprietary equipment currently under the Athletic Republic® trademark and other related trademarks.

B. We currently own the Athletic Republic® trademark and certain other trademarks, trade names, copyrights, service marks, trade dress, logos and commercial symbols used in the operation of the Athletic Republic® performance sports training centers.

C. We grant franchises to qualified candidates for the operation of training centers to offer our Training Programs.

D. You have had an adequate opportunity to be thoroughly advised of the provisions of this Agreement and our disclosure document and have had sufficient time and opportunity to evaluate and investigate our system and the operating procedures and financial requirements associated with this system as well as the competitive performance sports training marketplace.

E. You desire to operate a Franchised Business under the provisions of this Agreement and in compliance with our uniformity requirements and quality standards as established and updated by us from time to time.

AGREEMENTS:

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

1. DEFINITIONS: For purposes of this Agreement, the terms below have the following definitions:

A. “ART” stands for Athletic Republic Technology used to manage the Training Center’s point of sale, scheduling and reporting systems as well as to monitor and assess an athlete’s development.

B. “Brand Standards” means our approved guidelines and usage requirements for utilizing our Trademarks in any way which may be modified from time to time in our sole discretion.

~~C. _____~~ C. _____ Business Operating Systems (“BOS”) is a collection of third-party software solutions used to operate the Training Center.

~~C.D.~~ “Complimentary Products” means services we designate or authorize such as, Physical Therapy, Chiropractic care, Sports Nutrition Counseling, Sports Psychology, Indoor Cycling, Turf / Court / Cage Rental, Birthday Parties, and other similar or related businesses which do not directly compete with Athletic Republic Products.

~~D.E.~~ “Equipment” means the sports performance training equipment we manufacture, source or provide to operate our Training System.

~~E.F.~~ “Franchised Business” means the franchise business that you will operate pursuant to this Agreement.

~~F.G.~~ “Franchised Location” means the portion of the location designated under Section 2.A where the Franchised Business will be developed and operated.

~~G.H.~~ “Gross Sales” means the total revenues and receipts collected by you from the sale of the Products or any services and merchandise related to the Products or in any way utilizing any part of our proprietary Manuals, protocols or adaptations of any part of our proprietary Manuals or protocols or use of the Athletic Republic® brand, regardless of whether sold in your Training Center or at any other place, and whether under any of the Trademarks, Patent Rights or otherwise, including any license, rental and use fees related to the Products. Gross Sales shall not include Complimentary Products and services that we agree should be excluded from the definition and royalty fees. Gross Sales excludes sales taxes.

~~H.I.~~ “Head Trainer” means the individual who is responsible for supervising the training of athletes and managing the team of trainers. The Head Trainer may also be known as the Director of Sports Performance Training.

~~I.J.~~ “Manager” means the individual who actively directs business affairs of and is responsible for overseeing the general management of the day-to-day operations of the Franchised Business-, Marketing and Membership Sales and Development. The Manager may also be known as the General Manager, Assistant Manager, Sales and/or Marketing Manager or known by a similar title.

~~J.K.~~ “Manuals” means all documents that we provide you and in which we describe the System and our operational policies, protocols, standards, education, marketing, requirements, customized business systems, and practices.

~~K.L.~~ “Potential Athletes” means 30% of the enrolled Middle School, Junior High, and High School students within the Protected Territory. ~~We currently use the Patterson’s American Education Index to obtain the school enrollment number, but we may in the future use other similar sources.~~

~~L.M.~~ “Product” means any use of products, sports training, practice and any services that are offered by you using any piece of equipment, information, training, products, protocols, the adaptation of protocols (by us or by you), services or know-how that we provide to you pursuant to this Agreement, as we may modify and change them from time to time, regardless of whether such products, training, or services are offered by you for any portion of any training, athlete assessment and testing, recovery, or rehabilitation program under the Athletic Republic® brand or the use of the Training Programs, or any of the Trademarks, Patents Rights or otherwise, and includes, without limitation, any products, training or services provided by you using any part of the Manuals, protocols, adaptation of protocols (by us or by you), or any piece of equipment that we provide to you or require you to have for the Franchised Business, branded apparel or nutritional supplements purchased through our national account.

MN. “Protected Territory” means the area referenced in Section 2.D and Appendix C.

NO. “Satellite Training Center” is an additional Training Center that operates in a physical location, with a street address, as a temporary or seasonal business less than 36 weeks out of any 52-week period and features the use of at least one Athletic Republic® Super Running Treadmill, Hockey Treadmill, PlyoFloor, PlyoPlatform, PlyoPress Machine, MultiHip Machine, or Recovery equipment to deliver our Training Programs. All Satellite Training Centers must be listed in Appendix D.

OP. “System” means our system, which consists of different methods, procedures, standards, operating practices, and specifications (all of which we may modify and change from time to time) developed by us to operate unique performance sports training centers providing the highest level of training to adults interested in improving their fitness and to athletes committed to maximize maximizing their full athletic potential ~~and help by helping~~ them increase their speed, agility, power, quickness, sport specific skills, fitness, tactical fitness, and competitive capabilities, sensory skills and recovery using our Products, evidence-based Training Programs and proprietary equipment.

PQ. “Trademarks” means the Athletic Republic® trademark, the trademarks, service marks and trade names set forth on Appendix B, and other related trademarks that we now have or may later develop, as we may modify and change from time to time, and the trade dress and other commercial symbols used in the operation of Athletic Republic® training centers. Trade dress includes the designs, color schemes and image we authorize you to use in the operation of your Franchised Location from time to time.

QR. “Training Center” means the portion of your business that is the training center that you develop and operate pursuant to this Agreement to offer sports training or the Training Programs. A Training Center has a Protected Territory with less than 10,000 Potential Athletes.

RS. “Training Programs” mean our Acceleration, Ignition, Enhanced, Endurance, Skating, Recovery, Sensory, ~~AR-FIT~~ Adult Fitness, Play ready, In-Season, Ground-Based, Shoulder Safety, Jump Training, Stability Training, Return to Competition, Personal Training, Tactical Training, Senior Training, Strength, and Skill Training programs or by other names of training programs we may identify with these Training Programs and include all the Products listed on Appendix A.

Other terms are defined elsewhere in this Agreement and shall have the meaning indicated throughout this Agreement.

2. GRANT OF FRANCHISE; FRANCHISED LOCATION.

A. Grant of Franchise. Subject to the provisions stated below, we license to you a personal franchise to operate a Franchised Business and establish a Training Center, to offer the Training Programs in conformity with our System at the following location _____ or at a location to be designated by you and approved by us within 150 days from the date of this Agreement. If a Franchised Location is not designated by you and approved by us within 150 days from the date of this Agreement, we have the right to terminate this Agreement without the return of any Initial Franchise Fee or other amounts paid to us. You may not relocate the Franchised Location without our prior written consent. You accept the license and undertake the obligation to operate the Franchised Business using the System and in compliance with our Brand Standards and operating standards. As part of our “Business Acceleration Program,” we will assist you with site approval.

Except as provided below, you may only fulfill orders or provide the Products at the Franchised Location. You will need specific proprietary equipment and accessories to offer certain Products. We will provide you

a list of all the equipment and accessories needed to offer each of the Products. You may offer all the Products for which (a) you have all the necessary equipment and accessories and (b) you and your personnel have received the necessary training. You may offer and sell the Products directly at educational institutions, sports training facilities, clinics and hospitals, and other similar facilities provided it is not located inside another franchisee's or licensee's Protected Territory, and provided that you may not establish any physical training facilities of any kind other than those at the Franchised Location.

The provisions in this paragraph apply if you will operate a Satellite Training Center. You may extend the reach of the Athletic Republic Training Center by opening and operating a Satellite Training Center provided; (a) you operate an Athletic Republic[®] Training Center; (b) you will open and operate one or more Satellite Training Centers; (c) the Satellite Training Center will feature the use of at least one Athletic Republic[®] Super Running Treadmill, Hockey Treadmill, PlyoFloor, PlyoPlatform, PlyoPress Machine, MultiHip Machine or Recovery equipment; (d) the Satellite Training Center is not located inside another Training Center's Protected Territory and (e) the Satellite Training Center will be open for the delivery of the Training Programs less than 36 weeks out of any 52 week period during the Term of the Franchise Agreement. All the Satellite Training Centers must be listed in Appendix C. You will pay a Satellite Franchise Fee prior to opening the first Satellite Training Center and pay Royalties for each Satellite Training Center every week it is open. You must submit for our prior written approval all proposed locations for Satellite Training Centers. You may not start offering the Training Programs at a location before it has been approved by us in writing and added to Appendix C. We have the right in our sole discretion to not approve any locations you submit.

With our prior written consent, you may offer Complimentary Products and services other than the Products at the Franchised Location, provided, however, that you must obtain our prior written authorization for other products and services to be offered at the Franchised Location.

B. On-Boarding Fee; Equipment Order. Unless otherwise agreed in writing by us, you shall pay an on-boarding fee of ~~\$3035~~,000 at the time you sign your Franchise Agreement (the "On-Boarding Fee"). You shall also place your initial equipment order (the "Equipment Order") for the Franchised Location within 250 days after the signing of this Agreement and make payment to us equal to 50% of the Equipment Order's total value, plus the value of the Promotional and Marketing Materials, Interior Graphics and Grand Opening marketing. The remaining balance on the Equipment Order, plus the estimated Equipment transport and installation costs are due to us not less than 2 weeks prior to shipping the equipment. If you are executing this Agreement pursuant to an Area Development Agreement, the date of your Equipment Order shall be not less than 100 days prior to opening date set forth under the Area Development Agreement. If you fail to place the Equipment Order and make payment of 50% of the Equipment Order's total value, then according to the provisions of this Section 2.B, we will have the right to terminate this Agreement without opportunity to cure pursuant to Section 13.B.

C. Opening. Unless otherwise agreed in writing by us, you shall begin operating the Franchised Location within 365 days after the signing of this Agreement, unless you are executing this Agreement pursuant to an Area Development Agreement, in which case your Franchised Location shall be open and continuously operating by the date set forth under the Area Development Agreement. If you fail to have the Franchised Location open and in operation according to the provisions of this Section 2.C, we will have the right to terminate this Agreement without opportunity to cure pursuant to Section 13.B, or to begin charging you Royalty, Marketing and BOS Fees which you are obligated to pay per the Agreement.

D. Protected Territory; Option. Your Protected Territory is the area described in Appendix C. Should you choose to add a Satellite Training Center it will be listed in Appendix C. We and our affiliates will not locate and operate or grant to anyone else a franchise, license, or other rights to locate and operate a training center within the Protected Territory while this Agreement is in effect, except as provided in Sections 2.E and 2.F. If this Agreement is being executed in connection with an Area Development Agreement between

you and us, in the event the Area Development Agreement is terminated, your Protected Territory may be modified or reduced.

E. Reservation of Rights. We and our affiliates have the right to offer, sell and distribute, within or outside the Protected Territory the ART software system and pieces of equipment and accessories that are proprietary to us, including the 3PQ, PowerCords, ThrowingCords, KickingCords, PlyoCords, HittingCords, SprintCords, StartCords, Hamstring Cords, Warm-up Cords, Hip Cords and wall mounts and all other cords, Balance Discs and Ramps, Sensory Training equipment, Nutritional Supplements, Recovery programs, Home Training products, and branded apparel that we may offer from time to time, and other pieces of equipment and accessories that we may designate in the future, without compensation to any franchisee, provided that we will offer such products through channels other than sports performance training centers. You may not sell or otherwise transfer any piece of equipment or accessory that has been provided or required by us or that is otherwise used or of the type used in the operation of the Franchised Business and that is proprietary to us, including the items listed above, except for the Warm-up Cords, PowerCords, Balance Discs and Ramps, Sensory Training equipment, Nutritional Supplements, Home Training products and branded apparel which you may offer for sale.

You have no right under this Agreement to sublicense or subfranchise others to (i) develop or operate the Franchised Business, (ii) use the Athletic Republic® brand, the Trademarks, the Patents Rights or the System, or (iii) enter into any agreement regarding the Franchised Business, the Trademarks, the Patents Rights or the System. We and our affiliates have the right outside of the Protected Territory to operate or grant others the right to develop and operate training centers and offer, sell, or distribute any products, services or ART software associated with the System (now or in the future) under the Trademarks or any other trademarks, service marks or trade names or through any distribution channel or method, all without compensation to you. Furthermore, we and our affiliates have the right to operate and grant others the right to operate training centers or any other business within and outside the Protected Territory under trademarks other than the Trademarks.

In addition, you acknowledge that certain locations within the Protected Territory are by their nature unique and separate in character from sites generally developed as training centers. As a result, you agree that the following locations (“Special Sites”) are excluded from the Protected Territory and we have the right to develop, franchise, or otherwise do business at these locations in the Protected Territory: (i) professional sports teams; (ii) college athletic programs; (iii) military installations; (iv) Olympic training centers; (v) National Team training centers; and (vi) sports research centers, provided, however, that any business conducted at any Special Site shall be directly with the professional sports team (or an affiliate of them), with the college, with the governing group of any Olympic or National Governing Body training center, the U.S. military, or for research purposes, as the case may be. We will limit these professional sports team, college, military, research, or Olympic training centers to providing the ART software and Products at its principal place of business, training facilities or on campus. The ART software and Products will be available only to employees of the professional sports team, athletes under contract with the professional sports team or prospective players, employees, study subjects, students attending the college or the military, and the athletes and trainers at any Olympic or National Team training center.

F. Additional Reservation of Rights. We reserve all rights not expressly granted to you under this Agreement. The rights and privileges granted to you under this Agreement are personal in nature and may not be used at any location other than the Franchised Location, except as specifically set forth in this Agreement. You do not have the right to delegate, sub-franchise, or sublicense any of your rights under this Agreement.

3. TERM; RENEWAL RIGHTS. The initial term of this Agreement is for 11 years commencing on the date we sign this Agreement. (“Term”), and while the Term would not change, the Agreement may be terminated earlier as provided in this Agreement. You have the right to renew the franchise for 2 additional 5 year terms, provided you meet all of the following conditions: (i) you have given us written notice at least 180 days, but no more than 365 days before the end of the initial term or renewal term of this Agreement of your desire to renew; (ii) you are in full compliance with this Agreement and all other agreements between you and us and between you and our affiliates, including the reporting and payment of Royalties, Marketing Fees and any payments due for outstanding invoices, and there has been no uncured default or series of four (4) or more defaults, regardless of cure, by you during the Term, and all your debts and obligations to us are current; (iii) you make or provide for in a manner satisfactory to us such renovation and re-equipping as we deem appropriate to reflect the then-current standards and image of the System, including renovation or replacement of signs, equipment, furnishings, fixtures and décor; (iv) you pay us a renewal fee at the time we execute the documents to complete your renewal in an amount equal to our actual expenses incurred by us in granting you the renewal and completing the renewal process, but not to exceed 20% of the total Initial Franchise Fee you are paying under Section 4.A of this Agreement; (v) you present evidence satisfactory to us that you have the right to remain in possession of the Franchised Location for the duration of the renewal term; (vi) you comply with our then-current training and staff certification requirements; (vii) you and your owners and guarantors execute and deliver to us a general release of claims in a form similar to that attached as Appendix D; and (viii) you sign our then-current form of franchise agreement (modified to reflect that the agreement relates to the grant of a renewal), the terms of which may be materially different from this Agreement, including higher Royalty, Marketing, BOS or other fees and modifications to the Training Center’s format and Protected Territory.

4. FRANCHISE FEES; FINANCIAL INFORMATION; AUDITS.

A. Initial Franchise Fee. On the date of the signing of this Agreement you shall pay us a nonrefundable initial franchise fee in the following amounts (the “Initial Franchise Fee”):

- (i) If you will operate a Training Center, you will pay an Initial Franchise Fee of \$55,000.
- (ii) If you operate a Training Center and will also operate one or more Satellite Training Centers you will pay an additional Satellite Franchise Fee of \$5,000 per Satellite Training Center.

The Initial Franchise Fee has been fully earned upon receipt and is nonrefundable in consideration of the expenses incurred by us in granting this franchise and the lost or deferred opportunity to franchise to others.

If you operate a Satellite Training Center, you may request that we grant you the right to convert it to a Training Center and receive a Protected Territory that does not conflict with any other Training Center’s Protected Territory, subject to the terms and conditions in the then-current Franchise Agreement that you would be required to sign. If you make the request to convert a Satellite Training Center to a Training Center you will pay us an additional Initial Franchise Fee equal to the difference between the Initial Franchise Fee as detailed in the then current Franchise Agreement, less the Satellite Franchise Fee that has been previously paid.

~~B. Onboarding-Fee. On the date of the signing of this Agreement you shall pay us a nonrefundable On Boarding Fee of \$30,000 for access to the Business Acceleration Program (“BAP”); your on boarding equipment; Business Operating Systems (“the BOS”) set up, configuration and subscriptions; project management software; access to the Athletic Republic® Academy certification courses; floor plan test fit, equipment~~

~~lay-out, low voltage equipment layout, and interior branding design; access to our new hire background check process; up to 5 days of on-site education and instruction as part of the 'soft opening' and other support services~~ On the date of the signing of this Agreement you shall pay us a nonrefundable On-Boarding Fee of \$35,000 for access to the Business Acceleration Program ("BAP"); which includes: Project management support including weekly calls with us during the pre-opening process and the first two months after you open for business (up to 30 calls); then bi-weekly calls (as needed) with us for the third, fourth, fifth, and six months after you open for business; subscription to the Basecamp Project Management software during the pre-opening period; access to our monthly webinars and weekly open office hours during the pre-opening period; use of the Athletic Republic LockerRoom (our System intranet) and AI Assistant (for use in connection with the LockerRoom) during the pre-opening process; site selection assistance from our selected real estate firm; 2D training center test fits with equipment and turf lay-outs for up to three proposed sites for your Franchised Business location (if you propose more than three sites, you must pay us \$500 per additional test fit) locations; Low Voltage 2D floor plan; access to AR Academy for owner, manager and trainer education including the GM Training Camp at AR-HQ (travel and accommodations are at your expense) prior to opening; equipment selection support and access to distributor pricing for approved suppliers prior to opening; up to four AR email addresses prior to opening; Training Center's Website development, construction and subscription during the pre-opening process; use of the CRM system through the pre-opening process; Lead Management support through the pre-opening process and during the 30-day period after you open; set-up and subscription for the Baseline scheduling / POS software and the KPI Dashboard software during the pre-opening process; set-up and subscription for the Athlete Assessment software during the pre-opening process; recommended position descriptions, Responsibility Matrix during the pre-opening staff hiring process; AR Lead Instructor to be on site (at AR's expense) for 4 days during the first week of the training center's soft-opening, AR Sales Manager to be on site (at AR's expense) for 4 days during the second week of the training center's soft-opening.

The costs associated with the Training Center's Website, emails, LockerRoom access, certain software subscriptions and digital ad placement become part of the BOS (Business Operating System) Fees after the Training Center has opened.

- C. Royalty. You will, for the term of this Agreement, pay to us a royalty fee (the "Royalty"), as follows:
- (i) If you operate a Training Center, you must pay a Royalty amount equal to 6% of monthly Gross Sales against a minimum Royalty amount of \$350 paid to us every week.
 - (ii) For every Satellite Training Center you operate, you will pay a fixed Royalty of \$200 every week the center is open.

You must start paying Royalties beginning on the earlier of the day you open the Training Center for business or the 365th day after the execution of this Agreement. At the end of each month, you will calculate the "Royalty Balance" by multiplying the Training Center's total Gross Sales earned during the month by 6% to determine the "Royalty Amount", then deduct the weekly Minimum Royalties paid during the month from the Royalty Amount to determine the remaining Royalties Balance. The Training Center must submit to us monthly Financial Reports, that document the Training Center's revenue, including monthly and total year-to-date Gross Sales, and expenses, as well as the Royalty Balance calculation for the preceding month. Payment of the remaining Royalty Balance is due to us on or before the 15th day of the month following the

end of the preceding month. We retain the right to modify the Royalty reporting process and payment schedule at our sole discretion at any point in time.

D. Marketing Fee. You will pay us a fixed marketing fee of \$100 every week (the “Marketing Fee”). We reserve the right to increase the amount of the Marketing Fee annually upon a ~~30-days~~ day written notice to you, provided, however, that we may not increase the Marketing Fee more than one time every three years. Among other programs, the Marketing Fee is used to support each Franchise’s access to the Marketing Resource Center. The Marketing Fees will not be held by us in trust and will become our property to be spent in accordance with Section 6.A of this Agreement. You must start paying the Marketing Fee beginning on the earlier of the day you open the Training Center for business or the 365th day after the execution of this Agreement.

E. Business Operating Systems. Unless otherwise agreed in writing by us, you must utilize the Business Operating Systems (“BOS”), which a collection of third-party software solutions used to operate the Training Center and includes the set-up, configuration and subscription to: a) the Athletic Republic Technology (“ART”) suite of software services for athlete management, including: AR Baseline for online scheduling, point-of-sale and reporting; Athlete Assessment ~~with collection and distribution capabilities~~, AR Vison for video analysis, 3PQ forceplate data capture software, and digital scorecard; and predictive analytics for improved trainer intelligence; b) the Sales and Marketing suite of software services for managing Training Center performance, including: the KPI dashboard for tracking business performance metrics; Customer Relationship Management (CRM) software; the Training Center’s Website with set-up, hosting and services; website Search Engine Optimization (SEO); and email marketing platform, and c) the Communications suite of software services which includes: access to the AR ~~Locker Room~~ LockerRoom (intranet); with AI Assistant; use of the eLearning platform, to access the AR Academy for staff education and development; and four (4) AR email addresses. The \$600 monthly fee for BOS services (the “BOS Fee”) may increase (or decrease) as costs and services change over time. You agree to accept the change in monthly pricing as long as we provide 60-days’ notice, and the monthly pricing corresponds to the change in cost or service level. Additional back-office subscriptions for payroll processing, Quickbooks accounting software, and online accounting are not included in the BOS suite of services; but may be available for additional fees.

F. Payments. You must pay the minimum Royalty and the Marketing Fee every Tuesday for the preceding week. You must sign an electronic transfer of funds authorization, attached as Appendix I, to authorize and direct your bank or financial institution to transfer electronically to our account and to charge to your account all amounts due to us. Each Tuesday, we will send a request to your bank or financial institution to pay us the full amount of the minimum Royalties, Monthly Royalty Balance, Marketing Fees and other amounts owed to us for the preceding week. On the 5th of each month, we will send a request to your bank or financial institution to pay us the BOS fee owed for that month. You must maintain a balance in your account sufficient to allow us to collect the amounts owed when due. You are responsible for any penalties, fines or other expenses associated with the transfer of funds described in this Section 4.F. You shall not revoke the electronic transfer of funds authorization without giving us prior written notice and without first setting up a different electronic transfer of funds authorization under the same terms and conditions of the one being revoked. Based on your Gross Sales, as documented in the monthly financial reports, you must pay the remaining Royalty Balance due to us on or before, the 15th day of the following month. We retain the right to modify the Royalty reporting process and payment schedule against your Gross Sales at our discursion, at any point in time.

G. Unpaid Amounts. Any unpaid amounts owed to us after 30 days, including Royalties, Marketing Fees, BOS fees ~~and~~, product purchases, and freight charges will bear interest at the rate of 18% per year, calculated monthly or the maximum rate permitted by applicable law, whichever is lower. You must reimburse us for all costs and expenses incurred in the collection of unpaid amounts, including attorneys’

fees. Furthermore, we may restrict or deny services and support if you owe us any amount that is more than 30 days past due.

H. Financial Statements. You must submit to us monthly Financial Reports including monthly and total year-to-date Gross Sales, and expenses, as well as the Royalty Balance calculation by no later than the 15th of the following month. We retain the right to modify the Royalty reporting process and payment schedule against your Gross Sales at our ~~discretion~~discretion, at any point in time.

If you operate on a fiscal year, you are still required to provide us with the required financial information on a calendar monthly basis. We may require that the annual financial statements be reviewed by a certified public accountant. You shall also furnish us with copies of all ~~of~~ your income tax returns and sales tax returns within 90 days from the end of each fiscal year. All financial information provided to us under this Section 4.H must be presented in the form required from time to time by us in writing. You must certify all reports to be true and correct in all material aspects.

I. Audit Rights. We and our authorized representatives have the right at all times during the business day to enter the premises where your books and records relative to the Training Center are kept and to evaluate, copy and audit such books and records. If any evaluation or audit reveals any understatement of your Gross Sales or Royalties or a variance of 5% or more from data reported to us in respect to any other item that is material to the computation of fees or to the analysis of the operation, you must pay for the audit or evaluation, any other related costs that we may incur (including reasonable auditors' and attorneys' fees) and, in addition to any other rights we may have, we have the right to conduct further periodic audits and evaluations of your books and records as we reasonably deem necessary for up to 3 years after the evaluation or audit and any further audits and evaluations will be at your sole expense, including professional fees, travel, and room and board expenses directly related to the audits or evaluations. Furthermore, regardless of the amount of variance discovered in any evaluation or audit, you shall pay to us, in addition to all amounts stated above, the amount of all underreporting within the prior 3-year period (or from the date you joined our System if less than 3 years). Additionally, if you intentionally understate or underreport Gross Sales or Royalties at any time, or if a subsequent audit or evaluation conducted within the 3-year period after the date the first underreporting was discovered reveals any understatement of your Gross Sales or Royalties or a variance of 5% or more from data reported to us in respect to any other item that is material to the computation of fees or to the analysis of the operation, in addition to any other remedies provided for in this Agreement, at law or in equity, we have the right to terminate this Agreement immediately.

J. Use of Your Information. In addition to any other rights granted in this Agreement to us, we have the right to use any athlete data or financial and business performance information we receive or obtain from you to provide information to prospective franchisees, including the right to group your information with similar information from other Athletic Republic[®] businesses to produce shared results like athlete demographic and performance data, plus high-low ranges or average gross sales, expenses or profitability on a system-wide or regional basis, provided that whenever we exercise our right under this Section 4.J, we will not exercise such right in violation of third parties' rights under any applicable privacy laws.

5. **TRADEMARKS, COPYRIGHTS AND PATENTS**. You acknowledge and agree that your right to use the Trademarks is specifically conditioned upon your compliance with the terms and conditions of this Agreement, including the following:

A. Trademark Ownership. You agree that we own the Trademarks, the Training Programs and the System. Your use of the Trademarks will inure to our benefit. All improvements, including all trademarks, copyrights and any other intellectual property rights developed by or for you relating to the Trademarks, the Training Programs and the System will become our sole property, and we have the exclusive right to register

and protect all such improvements in our name. You agree that if requested by us, you will execute a recordable assignment and other documents prepared by us for securing and maintaining such intellectual property rights and vesting title in us. You have no right to register or protect any improvements in your name or in the name of any of your affiliates.

B. Trademark Use. Subject to the terms and conditions under this Agreement, we grant you, during the term of this Agreement, a non-exclusive right and license to use the Trademarks, but solely in connection with the marketing, advertising, and promotion of your business at the Franchised Location, provided that you use the Trademarks only in the manner required, directed and approved by us in writing. You may not use, or permit the use of, any trademarks, trade names or service marks except those listed on Appendix B or except as we otherwise direct in writing. Your right to use and identify with the Trademarks and the System exists concurrently with the term of this Agreement and only while you are in complete compliance with our quality standards. You will not have or acquire any rights in any of the Trademarks or the System other than the right of use as governed by this Agreement. If, in our judgment, your conduct infringes upon or demeans the goodwill, standards of uniformity or quality, or business standing associated with the Trademarks or the System, you will immediately, upon written notice from us, modify your use of the Trademarks and the System in the manner required by us in writing. You will not, during or after the term of this Agreement, do anything directly or indirectly which would infringe upon, harm, or contest our rights in the Trademarks or the System or the goodwill associated with the Trademarks or the System.

C. Trademark Identification. You will operate the Franchised Location so that it is clearly identified as a member of our network. You must use the name Athletic Republic® or any other trademark or trade name that we may approve and/or require in the future as the trade name of the Franchised Location. All the Products that you offer that include proprietary items of ours must clearly state that they are part of our Training Programs and System. You may not use the words in any of the Trademarks as part of the name of your legal entity. The style, form, and use of the words in our Trademarks in any written materials, products or supplies must have our prior written approval. You may use the name “Athletic Republic®” and any other Trademarks which now or in the future may form part of the System on all signs, interior branding, business cards, marketing materials and other articles in the identical combination and manner as we may make available or prescribe in writing. You will comply with all trademark, trade name, service mark and copyright notice marking requirements. You must include statements in the Franchised Location and other materials containing the Trademarks indicating that the Franchised Business is independently owned and operated by you.

D. Trademark Substitutions. We reserve the right to change the Trademarks at any time. If it becomes advisable at any time, in our discretion, to modify or discontinue use of any Trademark, and/or use one or more additional or substitute trade names, trademarks, service marks, logotypes or other commercial symbols, either system-wide or regarding the use by any selected franchisee, you shall, at your expense, comply with our directions within a reasonable time after notice to you, and we shall have no liability or obligation regarding your modification or discontinuance of any Trademark. You will not make any changes in or to the use of the Trademarks or the System unless directed by us in writing.

E. Trademark Litigation. If any person or entity improperly uses or infringes the Trademarks or challenges your use or our use or ownership of the Trademarks, we will control all litigation and we have the right to determine whether suit will be instituted, prosecuted, or settled, the terms of the 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 Trademark. You must take reasonable steps, without compensation, to assist us with any action we undertake. We are not required to defend you against a claim based on your use of our trademarks, nor will we reimburse you for your liability.

F. Copyrighted Materials. You acknowledge and agree that we may authorize you to use certain copyrighted or copyrightable works (the “Copyrighted Materials”), including the Training Protocols, Operation Manual, On-Boarding Materials, Education Resources, and information shared through the LockerRoom, our intranet and our website. The Copyrighted Materials are our valuable property. Your rights to use the Copyrighted Materials are granted to you solely on the condition that you comply with the terms of this Agreement. Your use of the Copyrighted Materials does not vest you with any interest other than the temporary, non-exclusive license to use the Copyrighted Materials granted in this Agreement. All rights that inure as a result of the use of the Copyrighted Materials and any derivative work belong solely to us.

G. Protection. You shall execute any documents that we or our counsel deem necessary for the protection of the Copyrighted Materials or the Trademarks or to maintain their validity or enforceability, or to aid us in acquiring rights in or in registering any of the Trademarks or any trademarks, copyrights, trade names, service marks, trade dress, slogans, logos or emblems that we subsequently adopt.

6. MARKETING. You agree to actively promote the Franchised Business, to abide by all ~~of~~ our advertising requirements, Brand Standards, and all our and our vendors’ and other business associates’ trademark, trade name, service mark and copyright notices marking requirements, and to comply with the following provisions:

A. Marketing Fund. You shall pay us the Marketing Fee as set forth in Section 4.D. All Marketing Fees will be placed in a marketing fund that we own and manage (the “Marketing Fund”). The Marketing Fund is not a trust or escrow account, and we have no fiduciary obligation to franchisees regarding the Marketing Fund. We have the sole right to determine the expenditures of the amounts collected and the methods of allocation to each franchise’s use of the Marketing Resource Center, or the marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs. We are not required to spend a prorated amount on each franchisee or in each advertising market. We have the sole right to make disbursements from the Marketing Fund for expenses incurred in connection with the cost to formulate, develop, implement, and support marketing, advertising, social media, public relations, and promotional campaigns. The disbursements may include payments to us for the expense of administering the Marketing Fund, including accounting expenses and salaries and benefits paid to our employees engaged in the marketing functions. If at the end of our fiscal year we have not spent all the Marketing Fees collected, we will carry forward any balances. No portion of the Marketing Fund will be spent for advertising principally designed at solicitation of the sale of franchises, however we may include a notation in any advertisement indicating “Franchises are Available”. There is no requirement that the Marketing Fund be audited. If requested, we will provide you an annual unaudited statement of the financial condition of the Marketing Fund.

B. Required Local Expenditures; Approved Materials. You must use your best efforts to promote and advertise the Franchised Business and participate in any local marketing and promotional programs we establish from time to time. In addition to the Marketing Fee you must spend \$1,000 per month on local marketing, outreach, sponsorships, NIL, advertising, and/or related activities until you reach 150 active members. After you reach 150 active members, you must spend an amount equal ~~to or greater than~~ your required Marketing Fee payments for such year on approved local marketing and promotion. As an additional part of our “Business Acceleration Program,” we will help you with sales and marketing programs, and provide you grand opening and membership sales assistance.

Upon our request you must provide us with itemization and proof of marketing and an accounting of the ~~monies~~money that you have spent for approved local marketing. You must use ~~only~~ the marketing materials that we furnish, approve, or make available, and the materials must be used only in a manner that we prescribe or approve. Furthermore, any promotional activities you conduct are subject to our approval.

C. Interior Branding. Upon placing the equipment order, you must pay us \$~~10~~15,000 toward the production, shipping and installation of your interior branding. Our design team will create an interior brand, wall paint and graphics plan for your training center, and we will apply the Interior Branding credit of \$~~10~~15,000 towards the purchase, shipping and installation of interior branding elements, brushed aluminum sign for the entry/reception area, wall graphics, an Athletic Republic Wall Clock, 6'x6' retail display and merchandising accessories.

D. Marketing and Promotional Materials. Upon placing the equipment order, you must pay us \$5,000 for marketing and promotional materials and we will apply the payment towards the purchase of a Special Event Tent and Kit, Collateral Materials, Promotional Items, Staff Apparel and Premiums.

E. Grand Opening Marketing. Upon placing the equipment order, you must pay us \$10,000 toward your Grand Opening marketing activities and we will apply the payment towards your Grand Opening Marketing, Advertising, Social Media, Public Relations and Lead Generation and Management that we will direct with your input.

F. Ownership of Advertising. All materials and rights resulting from your advertising and marketing that are related to the Franchised Business or the Products shall become our sole and exclusive property. You agree that if requested by us, you will execute a recordable copyright assignment and other proper documents prepared by us for securing and maintaining any such rights of ownership, including copyrights, and for vesting title in us.

7. FACILITY STANDARDS. You acknowledge and agree that we have the right to establish, from time to time, quality standards regarding the business operations of Franchised Business to protect the distinction, goodwill and uniformity symbolized by the Trademarks and the System. Accordingly, you agree to maintain and comply with our quality standards and agree to the following terms and conditions:

A. Facilities. You are responsible for purchasing or leasing a site that meets our site selection criteria to establish the Franchised Location. You must obtain our written consent ~~to~~approving the selected site. Our examination and approval of the location of your site does not constitute a representation, guaranty or warranty, express or implied, of the successful operation or profitability of the Franchised Business. We reserve the right to mandate your use of a third-party real estate firm of our choice at any time to assist you with site selection and assistance with the material terms of the lease, provided the real estate firm is compensated with a commission paid by the landlord upon signing a lease. The real estate firm does not provide legal counsel for lease review. You will need to retain a real estate lawyer for lease review and any negotiation of the lease language.

B. Construction; Future Alteration. You must construct and equip the Franchised Business in strict accordance with our approved minimum specifications and standards pertaining to equipment, displays, fixtures, interior branding, paint colors, sports flooring, furnishings, signage, accessory features and design and layout as detailed in the "AR Facility Standards", which we may change or update from time to time. If the Franchised Business is not constructed and equipped in accordance with our approved minimum specifications and standards, we will not approve the Franchised Business for opening. You will have 30 days from the date we deny our approval for opening the Franchised Business to correct all the problems so that the Franchised Business complies with our approved minimum specifications and standards. If you fail to correct the problems within the 30-day period we may immediately terminate this Agreement pursuant to Section 13.B.

You may not open the Franchised Business until we have notified you in writing that you have satisfied your pre-opening obligations provided in Sections 7.A and 7.B and we have approved your opening date. 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 under Section 15.C for your failure to comply with your obligations.

C. Maintenance. You will paint the Training Center in our Brand's approved color scheme and keep the interior and exterior of the Franchised Location in an attractive, clean and sanitary condition. All equipment, displays, fixtures, sports flooring, furnishings, signage, accessory features, design and layout and trade dress will be kept in good working order and will meet our quality standards. You agree to immediately perform all maintenance, remodeling and re-equipping of the Franchised Business as may be necessary or appropriate to remain in compliance with the System and our specific directions and instructions. Within a period of 45 days after the receipt of any particular report prepared following such an evaluation by us, you must affect the items of maintenance we designate, including the repair of defective items and/or the replacement of irreparable or obsolete items of equipment, displays, fixtures, furnishings, interior branding elements, signage, accessory features, design and layout and trade dress. If, however, any condition presents a threat to customers or public health or safety, you must affect the items of maintenance immediately.

D. Relocation. You may not relocate the Franchised Location without our prior written consent. Every time that we authorize you to relocate the Franchised Location to a new Franchised Location, you must comply with the obligations set forth in this Section 7. You must pay the Royalties ~~and~~, Marketing and BOS Fees set forth in Sections 4.C, 4.D and 4.DE during the time that the Franchised Location is closed due to its relocation. If you relocate the Franchised Location without our prior written consent or without fully complying with the requirements set forth in this Section 7, such relocation will be void, your interest in this Agreement will be voluntarily abandoned, and this Agreement will automatically terminate. Circumstances under which we may approve relocation include those cases in which the market conditions and the dynamics surrounding the original Franchised Location have changed significantly. You have no right to relocate if you lose the right to occupy the Franchised Location premises due to your breach of your lease. If you want to relocate the Franchised Location you must (i) give us notice of your intent to relocate at least 90 days before the date you anticipate closing the Franchised Location; (ii) procure and secure a site within the Protected Territory (or if you operate a Training Clinic in close proximity of your Franchise Location and not within the protected Territory of another Franchise Location) and that is acceptable to us at least 60 days before closing the Franchised Location; (iii) open the newly approved Franchised Location within 60 days of such closure; (iv) be current with all reporting and payment due for Royalty, Marketing Fees, BOS Fees and any other payments owed to us; and (v) comply with any other conditions that we reasonably require. You must pay the costs of any relocation, and we reserve the right to charge you for any reasonable costs that we incur, including legal fees and equipment extraction and/or installation costs.

E. Modernization or Replacement. From time to time as we may require, you must affect items of modernization of the building, premises, trade dress, equipment, signage, fixtures, and accessory features as may be necessary for the Franchised Business to conform to the standards for similarly situated new Franchised Business. The maximum cumulative amount (the "Maximum Modernization Amount") that you must spend during the initial term of this Agreement will be \$30,000. We may require you to spend all the Maximum Modernization Amount at any time during the initial term of this Agreement, provided, however, that we will not require you to spend more than 20% of the Maximum Modernization Amount in any 12-month period during the first 5 years of this Agreement. The Maximum Modernization Amount does not include any required expenditures for equipment or leasehold improvements necessary to offer new Products. Also, you must perform general, continued maintenance and refreshing of the Franchised Business whenever necessary as provided in Section 7.C and at a cost not included in the Maximum Modernization Amount.

The obligation to perform any items of modernization and/or replacement in connection with any renewal under Section 3 or any transfer of any interest in this Agreement or your business governed by Section 12 is separate

and independent from the modernization obligations under this Section 7.E. Renewals and Transfers are conditioned upon performance of any further items of modernization and/or replacement required under Sections 3 or 12, as applicable, regardless of the costs of such modernization and/or replacement.

F. Signage. You must prominently display on the premises of the Franchised Location, signs in such form, color, number, location, design and size as we may approve, and containing such Trademarks as we may designate, which at a minimum will include an exterior sign identifying the Training Center as an affiliate of Athletic Republic®, the exterior sign is at your expense, an interior Athletic Republic® branded sign behind or adjacent to the front desk, the cost which is included in the Interior Branding Fee (provided it does not exceed 116" x 17.5", without our consent). You must also post a prominent sign in the Franchised Location identifying you as our franchisee in a format we deem reasonably acceptable and including an acknowledgment that you independently own and operate the Franchised Business and that all the Trademarks are owned by us. These signs shall be obtained from us or a source designated or approved by us. You shall obtain all governmental permits and licenses required for these signs and shall also be responsible for ensuring that all signs comply with all applicable laws, rules, regulations and ordinances. You shall not display in or upon the Franchised Location any sign of any kind to which we object. You must make such changes to the signage as we require, provided, however, that we will not require you to change the outdoor signage, if any, more than once within any 24-month period. At such time as we decide to change our trademarks, logos, and trade names, we will require you, at your sole expense, to change your signage to be in compliance with the new trademarks, logos and trade names. In any case, your failure to replace the signage within 12 months from the date of notification will constitute a default of this Agreement under Section 13.B. Any upgrades to the type or size of your signage will be at your expense. Your costs for the signage will be included in the Maximum Modernization Amount under Section 7.E. You agree to the placement of a 'Franchises Available' sign, that we produce and provide, on your front door, as part of the Interior Branding package. Further, you will have the obligation to display, in the places and manner we may determine from time to time, any signs that we provide you advertising investment or franchising opportunities offered by us.

8. **OPERATIONAL STANDARDS**. You must implement and abide by our requirements and recommendations directed to enhancing substantial System uniformity, including our "Customer Service Standards" which we may update or modify from time to time. The following provisions control regarding products and operations:

A. Period of Operation. You acknowledge and agree that if the Franchised Business is closed for 10 consecutive business days or 15 or more business days in any 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 available to us, to terminate this Agreement immediately pursuant to Section 13.B. For purposes of this Section 8.A, "business days" shall exclude Saturdays, Sundays, and any holidays in which major financial institutions that operate in the city where the Franchised Location is located are closed for business. An integral part of our "Business Acceleration Program" is to offer you assistance with business planning and to provide you with regular operating support.

B. Products. You may offer the Products, but you may offer only the Products for which (a) you have all the necessary equipment and accessories and (b) you and your personnel have received the necessary training. We may modify the lists of Training Programs in Appendix A at any time, and you must promptly take all actions necessary to comply with any such changes. Notwithstanding anything in this Agreement, you may not, without our prior written consent, offer or sell any other product or service that is similar to or competitive with the Products, provided, however, that you may continue offering all the products and services that you offered before the date of this Agreement. With our written consent, you may offer Complimentary Products and services to the Products.

C. Approved Supplies and Suppliers. You will conform to all quality and customer service standards required by us in writing. You will acquire only such types, models or brands of fixtures, furniture, equipment, inventory and supplies that we approve as meeting our standards, quality, design, warranties, appearance, function and performance. We may require you to acquire certain sports flooring, synthetic turf, furniture, equipment, inventory, supplies, services, or other products used or offered at the Franchised Business from us or from suppliers who have been approved by us, in which case we will provide you with a list of approved suppliers. This requirement may include the use of a Construction Manager or General Contractor that we have pre-approved or selected. Along with a number of other approval criteria, to be an approved supplier, the supplier must have the ability to provide the product and/or service, on a national basis, to at least 75% of the then existing Athletic Republic® franchisees. Furthermore, we may require you to acquire from us, or from a single source designated by us, products or services that involve trade secrets, have been specially prepared by us or at our direction, or that we consider integral to the System. Concurrently with this Agreement, you must execute an Equipment Purchase Agreement in a form substantially similar to that attached on Appendix E covering, at least, the minimum recommended equipment necessary for the operation of your Franchised Business; you may choose to acquire more than the minimum equipment through the Equipment Purchase Agreement. The minimum recommended equipment necessary will depend on the Products that you will offer. You must place the order for your Fitness Equipment with us within 250 days from the date of this Agreement and take delivery of the Fitness Equipment within 350 days from the date of signing of this Agreement.

You will place the initial equipment order with us and may not acquire equipment from third parties that have not been previously authorized by us in writing. You cannot use any part of the Manuals to operate equipment that has not being acquired from us or from a third party previously approved by us in writing.

If we do not have a designated or an approved supplier for an item or supply, you may acquire such item or supply from the vendor of your choice. All inventory, products, materials and other items and supplies used in the operation of the Franchised Business that are not included in the approved supplies or approved suppliers' lists must 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, REGARDING PRODUCTS, EQUIPMENT, SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS. IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY US. OUR APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS, OR ANY OTHER INDIVIDUAL, ENTITY OR ITEM WILL NOT CREATE ANY LIABILITY TO US.**

D. Operating Procedures. You must adopt and use as your continuing operational routine the required standards, service style, procedures, Customer Service Standards, sales and marketing techniques, program packaging and management systems described in our Manuals or other written materials relating to the Products, financial management, equipment, marketing, best practices and Facility Standards. We will revise the Manuals and these standards, procedures, techniques, and management systems periodically to meet changing conditions in the best interest of the System. You acknowledge having received one copy of or access to the Manuals, which are on loan from us for the term of this Agreement. The Manuals at all times are our sole property. You must at all times treat the Manuals, and the information they contain, as secret and confidential, and must use all reasonable efforts to maintain such information as secret and confidential. We may from time to time revise the contents of the Manuals and you expressly agree to comply with each new or changed requirement. You must at all times ensure that your copy of the Manuals is kept current and up to date, and in the event of any dispute as to the contents of said Manuals, the terms of the master copy of

the Manuals that we maintain are controlling. The Manuals are provided in an electronic format accessible only with a password to our LockerRoom / intranet or distributed directly to you via electronic communications or provided as part of the Athletic Republic Academy education curriculum or Business Acceleration Program. Any required standards exist to protect our interests in the System, the Trademarks and the Patents Rights, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. If you lose any of the Manuals we provide you, in addition to any liability you may have pursuant to any provisions in this Agreement, you shall be obligated to immediately notify us in writing what Manuals you have lost.

E. Computer System. As part of your Fitness Equipment order, we will provide a TV with wall mount, an iPad and software to run AR Vision, a computer and software to run the 3PQ forceplate, and two (2) handheld iPads to access the Training Protocols located in the Athletic Republic Technology (“ART”) suite for training athletes, which includes Athlete Assessment capabilities. You may purchase and use any computer system for the front desk with the specifications that we may develop or select for the Franchised Business, including all future updates, supplements, and modifications for general administrative, customer communications, social media activation, point of sale processing, and to access the software subscriptions which make up the BOS (the “Computer System”). Any updates, supplements or modifications are not subject to or part of the Maximum Modernization Amount defined in Section 7.E. The Computer System may include all hardware and software used in the operation of the Franchised Business, including tools used to record, analyze and report information about the athletes training at the Franchised Business. The computer software package that may be developed for use in the Franchised Business may include proprietary software. You may be required to license the proprietary software from us, an affiliate or a third party and you also may be required to pay a software licensing or user fee in connection with your use of the proprietary software. All rights, title and interest in the software will remain with the licensor of the software. We retain the right to restrict or terminate your use of the 3rd party software we provide, should you violate or misuse ours or the software companies’ intellectual property trademarks or tradenames, attempt to reverse engineer the software, consume excessive bandwidth, or violate any laws that apply to software duplication, consumer privacy or related matters. We reserve the right to provide or designate a single source from whom you must purchase the Computer System. You acknowledge and agree that we will have full and complete access to information and data entered and produced by the Computer System. With the “Business Acceleration Program” we will provide you assistance with issues that may arise with your use of software we provide to you and the set-up and configuration of the software used in the Business Operating Systems (“BOS”).

You will gather from your customers all lawful information required by us (subject to any approval or consents required by law), and you will enter this information into our central computer database, customer relationship management (CRM) database and/or into the online customer scheduling software as requested by us but at not less than once a week during the term of this Agreement. All of the information that you enter into our central computer database or into the online customer scheduling software will become our sole and exclusive property, and we may use it as we deem necessary or appropriate. We may make available to you information gathered in our central computer database, the CRM system or through the online customer scheduling software and you will have the right to use this information in the form we prescribe in connection with the operation of the Franchised Business. You shall be solely responsible for, and you agree to indemnify and hold us harmless from, any liability arising out of or related to your use of such information.

F. Evaluations. We and or our authorized representatives (including third parties hired by us) have the right to enter the Franchised Location at all reasonable times during the business day for the purpose of making periodic evaluations and to ascertain if the provisions of this Agreement and our Manuals are being observed by you. These inspections may include: (i) observing and/or interviewing the Manager and/or Head Trainer, and your other employees; (ii) retaining ‘secret shoppers’ for un-announced inspections; (iii) distribute customer satisfaction surveys, including a Net Promotor Score (NPS) survey, and/or interview your customers, and

(iv) conducting any type of audit or review necessary to evaluate your compliance with all required standards, specifications or procedures. We may, from time to time, make suggestions and give mandatory instructions regarding your operation of the Franchised Business, as we consider necessary or appropriate to ensure compliance with the then-current quality standards of the System and to protect the goodwill and image of the System.

G. Confidential Information. You and your owners, guarantors, officers, directors, managers, employees or agents, or any other individual or entity related to, or controlled by you, may not, during the term of this Agreement or at any time after the expiration or termination of this Agreement, disclose, copy, reproduce, sell or use in any other business or in any manner not specifically authorized or approved in advance in writing by us any Confidential Information. For purposes of this Agreement, “Confidential Information” means the whole or any portion of know-how, knowledge, methods, protocols, trainer education, best practices, equipment designs, specifications, processes, procedures, business intelligence, and/or improvements regarding the business that is valuable and secret in the sense that it is not generally known to our competitors, any proprietary information contained in the Manuals or otherwise communicated to you in writing, verbally or through the internet or other online or computer communications, any other knowledge or know-how concerning the methods of operation of the Franchised Business, as well as the content of this Agreement and any other document executed in connection with this Agreement, and any other information marked or identified by us as “confidential”, provided, however, that you are authorized to disclose the terms of this Agreement to any lender providing you financing for the Franchised Business as well as to your landlord, attorneys, accountants and financial advisors. You are also authorized to disclose Confidential Information to governmental agencies and/or authorities, but only to the extent strictly required by law. You must obtain Confidentiality and Non-Compete Agreements in the form attached as Appendix F from all your owners, guarantors, officers, directors, Managers and Head Trainers who utilize or may have access to any Confidential Information and you must provide executed copies of these agreements to us upon request. You must also obtain Confidentiality and Non-Solicitation Agreements in the form attached as Appendix G from all your other employees, agents and representatives who utilize or may have access to any Confidential Information and you must provide executed copies of these agreements to us upon request. You shall be solely responsible for protecting our Confidential Information with all your employees, agents and representatives, and for obtaining all necessary Confidentiality Agreements from such individuals, and you shall be liable for any breach of confidentiality obligations by these individuals.

All customer lists and customer information generated or utilized by you in the Franchised Business are our sole property and Confidential Information. We grant you the right to use such customer lists and customer information for the duration of this Agreement. Upon the termination or cancellation of this Agreement, you shall be required to return to us all customer lists pursuant to Section 14.A. below.

H. Participation in Internet Websites or Other Online Communications. We have the Athletic Republic® website on the internet at www.athleticrepublic.com and the Athletic Republic Technology (“ART”) suite, the sales and marketing suite and the communications suite of services accessible through the LockerRoom, our internal intranet. We may further develop the intranet system or other online communications. You must, at your expense, participate in our internet website, our intranet, our BOS program and any other online or electronic communications that we develop and require our franchisees to participate in and you must execute any documents that we require for your participation. We may in the future require you to submit to us all reports referenced in Section 4 via our intranet system. We have the right to determine the content and use of our website, intranet system and BOS solutions and may establish the rules under which franchisees may or must participate. Additionally, in order to ensure uniformity regarding the use of our trademarks on the internet and/or intranet, we may require you to utilize in your website design certain templates that we have developed. You may not separately register any domain name or social media identifiers containing any of the Trademarks or any part of the Trademarks. We retain all rights relating to our website, intranet and BOS

system and may alter or terminate our website, intranet or BOS system. You acknowledge that certain information related to your participation in our website, intranet or BOS system may be considered Confidential Information, including access codes and identification codes. Your right to participate in our BOS systems, or otherwise use the Trademarks, or System on the internet or other online communications, will terminate when this Agreement expires or terminates.

Your website will be hosted as part of the www.athleticrepublic.com domain. The website for your Franchised Business must be identified as www.city.athleticrepublic.com (“city” referring to a city within your Protected Territory). New Training Centers will receive website configuration, hosting, server maintenance, content support, search engine registration and optimization, and access to website analytics to help you get started as part of the BAP on-boarding services until the earlier of six months or the date the Training Center is open for business. After this time period, you will pay for website hosting, access to analytics and maintenance fee as part of the monthly Business Operating Systems Fee (“BOS Fee”). The BOS Fee is currently \$600 per month and includes the Athletic Republic Technology suite, the Sales and Marketing suite and the Communications suite of services. The BOS Fee may increase (or decrease) as costs and services change over time and you agree to accept the change in monthly pricing. We do not offer ~~ackback~~-office subscriptions for payroll processing, QuickBooks accounting software, or online accounting services. We will also assign your social media identifiers which will reflect a similar format and be consistent with our Brand Standards.

We will provide online scheduling and point-of-sale processing. You will receive up to 4 hours of initial training at no cost, after you have consumed the 4 hours of training for the set-up and use of the online scheduling software you will be billed at a rate of \$125 per hour. As part of the Business Acceleration on-boarding program for new Training Center, there is no cost associated with the online scheduling and point-of-sale transaction software (except for credit card transaction fees) prior to opening. After opening the Training Center you will be obligated to pay the monthly BOS Fee that includes subscription to the online scheduling and point of sale software. We recommend the purchase of a credit card terminal, a wireless point-of-sale system that interfaces with the AR Baseline scheduling software for processing credit/debit card transactions.

Included in the \$600 monthly BOS Fee is: a) the Athletic Republic Technology (“ART”) suite of software services which includes: AR Baseline for online scheduling, program pricing, point of sale transactions and reporting; Athlete Assessment which includes; use of the basic offering for athlete data collection and management software, AR Vision for video analysis and 3PQ software for forceplate data collection, management and display; ~~Protocol Delivery to iPad~~; and Athlete Management tools with predictive analytics based on intelligence ~~poled~~pooled from a common database of athlete information; b) the Sales and Marketing suite of software services, which includes: Use of the Athletic Republic website template, hosting and analytics; a CRM software for lead management, email marketing and reputation management; and the KPI Dashboard for managing business analytics; and c) the Communication suite of software services which includes: and (4) Athletic Republic email accounts through google (additional email accounts are available for \$5 per month); access to the Athletic Republic Academy online education system and use of the Athletic Republic ~~Locker Room~~LockerRoom, the company’s intranet with AI Assistant. We reserve the exclusive right to make changes to the vendors providing these services and are only obligated to provide you with notice of the change in services. The set-up, configuration, content loading and a subscription ~~for services~~service are provided at no additional cost as part of the Business Acceleration Program for the on-boarding of new Training Centers, as long as the time period does not extend beyond six months ~~from when~~from when we activate your Training Center’s website.

After the Training Center is open for business you will be required to pay us a monthly BOS Fee of \$600 via Electronic Funds Transfer (per Appendix I) on the 5th of the month for that month’s service. Failure to make

timely BOS, Royalty, Marketing Fee and other payments as they are due us, may result in the suspension of services, in addition to being a default of this Agreement. We reserve the right to modify the vendors providing services and increase the BOS Fee upon 60 days' notice.

I. Photographs. We will have the right to photograph and videotape the Franchised Premises and Training Clinics at all reasonable times. Subject to any applicable legal restrictions, we will have the right to use all photographs and videotapes of the Franchised Premises and Training Clinics for the purposes that we deem appropriate including, but not limited to, use in training, advertising, marketing, and promotional materials, and as evidence in any court or arbitration proceeding. Neither you nor your employees will be entitled to any right to be compensated by us, our advertising agencies, or other franchisees for any use of such photographs or videotapes. We will not make or use videos or photographs of individuals without their prior consent.

J. Compliance with Law. You must at all times conduct the Franchised Business operations in compliance with all applicable laws, regulations, codes and ordinances. You must secure and maintain in force all required licenses, permits and certificates relating to the Franchised Business. You acknowledge that you are an independent business and responsible for control and management of the Franchised Business. 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 immediately notify us in writing of any claim, litigation or proceeding that arises from or affects the operation or financial condition of the Franchised Business, including any crime that has been committed that involves the Franchised Business.

K. 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, vendors, suppliers, lessors, federal, state or local governments, or creditors in connection with your business; and (ii) all accounts and other indebtedness of every kind incurred by you in the conduct of the Franchised Business. If you default in making any of these payments, 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. You understand that your failure to make timely payments to us may result in the suspension of services and the shut-down of BOS software access, email accounts, 3PQ and the Super Treadmill.

L. System Modifications. You acknowledge and agree that we have the right to modify, add to or rescind any requirement, standard or specification that we prescribe under this Agreement to adapt the System to changing conditions competitive circumstances, business strategies, business practices and technological innovations and other changes as we deem appropriate. You must comply with these modifications, additions, or rescissions at your expense.

9. **PERSONNEL STANDARDS**. The following provisions and conditions control regarding personnel, training and supervision:

A. Supervision. You must have a Manager, General Manager, Assistant Manager, or Sales / Marketing / Membership Manager with a similar title (the "Manager") at all times during the term of this Agreement. The Manager shall devote his or her best efforts to the Training Center's supervision, customer service, business development, membership sales, social media, and operation of the Franchised Business. You must have a Head Trainer or Director of Sports Performance at all times during the term of this Agreement. The Head Trainer shall devote his or her best efforts to the delivery of an ~~extra-ordinary~~ extraordinary training experience, assessing, documenting, and communicating results with the athlete (and parents), and supervising the sports performance training team. The Manager and Head Trainer must be appointed at least 30 days before the Franchised Business opening and fully trained and earned the respective Athletic Republic Academy Level 1, and Level 2 Certifications for Trainers or Managers before opening the Franchised Business. ~~They~~ The Head

Trainer must complete the Level 3 certification course and the Manager must complete the GM Training Camp the next time it is offered after they begin employment. The Manager and Head Trainer must be approved by us in writing before being appointed by you, and we may revoke our approval at any time, in which case (i) the disapproved Manager and Head Trainer may not be your Manager and Head Trainer for any Franchised Business operated by you and (ii) you must, with our prior written approval, appoint a new Manager and Head Trainer within 30 days from the date we revoke our approval for your prior Manager or Head Trainer, and your new Manager and Head Trainer must be fully trained and certified immediately. Your Manager and Head Trainer must ensure that the Franchised Business is operated in accordance with the terms and conditions of this Agreement, although this in no way relieves you of your responsibilities to do so. Your Manager and Head Trainer must be readily and continuously available to us. OUR APPROVAL OF YOUR MANAGER AND HEAD TRAINER, OR ANY OTHER INDIVIDUAL SHALL NOT CREATE ANY LIABILITY TO US NOR BE CONSIDERED A JOINT EMPLOYER AFFILIATION. WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR ANY ACTIONS OR INACTIONS BY THE MANAGER OR HEAD TRAINER, OR ANY OTHER INDIVIDUAL RETAINED BY YOU.

B. Initial Training. We will provide an initial training program to educate, familiarize and acquaint your management and training team with delivering our Training Programs, running our System, using the ART software, acquiring and retaining members, and the business of operating a Franchised Business. You must, at your expense, comply with all ~~of~~ the training requirements we prescribe. At a minimum, the Manager and Head Trainer must, at your sole cost, complete the respective Level 1, Level 2 and Level 3 ~~training/~~ Training Camp courses for Managers or Trainers to our satisfaction. The training requirements may vary depending on our assessment of the experience of the Manager and Head Trainer and other factors. Any new Manager or Head Trainer must, at your expense, comply with our training requirements at the earliest opportunity that such training is made available by us. Furthermore, anyone training athletes must complete our Level 1 training prior to administering any Products.

The fees to access Athletic Republic Academy and the Level 1, Level 2 and Level 3 training and Training Camp are included in the BOS Fee. Level 3 for Trainers is currently being offered virtually as a live course as three hours per ~~days~~ day over five consecutive days. Other than a registration fee there are no other costs when we offer Level 3 virtually for Trainers. Level 3 Training Camp for Managers is currently being offered in-person at Athletic Republic Headquarters over 3½ days. All Training Camp travel, accommodation, food and payroll related expenses are at your expense.

Before opening the Training Center, we encourage every new Head Trainer to invest five to six days into learning the Athletic Republic® system by working in the Park City, Utah training center to shadow training sessions, experience business development activities, learn operations, software and scheduling systems, and conduct training sessions under the supervision of our staff in the Park City, Utah training center (the “Park City Training”). Training opportunities are scheduled by us in advance based on our availability and will be open to any Owner, Manager or Head Trainer, and will be granted on a first come, first served basis with a maximum of three (3) new people per training session. You will be responsible for all transportation, accommodation, food, and payroll expenses.

After the Fitness Equipment has been installed, one of our Level 3 instructors will come to the Training Center for up to ~~54~~ 5 days, to work with your Manager, Head Trainer and Training Team to make sure they are comfortable, knowledgeable and capable of conducting a Training Trial, understand how to utilize the Fitness Equipment and Business Operating System and are reasonably able to deliver the Athletic Republic Training System (“On-site Instruction”). On-site Instruction services are included in the BAP Fee.

Except as provided in the following sentence, under no circumstances may you permit management of the Franchised Business by a person who has not successfully completed to our reasonable satisfaction all

applicable training we require, provided, that if we revoke our approval for your Head Trainer, the trainer on your staff with the highest level of training must manage the training of athletes while your new Head Trainer is approved, appointed and trained.

C. Ongoing Training. You, your Manager and Head Trainer are expected to participate in monthly network webinars and are encouraged to attend at least one ~~trainer tune-up or~~ open office hour each quarter, which are led by Training, Sales & marketing and Operators department heads and held virtually the second, third and fourth Thursday of each month. You shall reimburse us all the costs we incur in providing any additional training. If you are given notice of default 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, your Manager and/or Head Trainer, at your expense, comply with the additional training requirements we prescribe.

D. Staffing. In addition to the Manager and Head Trainer, you shall employ competent staff in such positions, in such numbers and pursuant to our criteria as we may require under the System or the Manuals from time to time. You shall also, at your own expense, conduct at the Franchised Location such training and instruction, using such materials, equipment and supplies, as may be necessary or appropriate to keep your standards in compliance with the System. Training Center staff are expected to be wearing acceptable trade dress while working in the Training Center. No employee of yours will be deemed to be an employee of ours for any purpose.

E. Attendance at Meetings. Either you or your Manager and/or Head Trainer must attend, at your expense, all scheduled franchise conventions we may hold or sponsor and all in-person or virtual meetings regarding new products, new operational procedures or programs, training, management, sales or sales promotion, or similar topics. We reserve the right to require that you, and/or your Manager and/or Head Trainer attend any additional meetings or other events that we deem appropriate under special circumstances, provided that we will give you written notice of any such meeting at least 60 days before the meeting.

F. Special Assistance. If you have some unusual or unique operating problems or if you have a specific situation in which you require assistance, you may request from us to provide you assistance to deal with the problem or situation you have, and we may, but have no obligation to, provide you this assistance. If we agree to provide you the assistance, we will charge you a \$500 daily fee plus you must reimburse us for all the expenses we incur in providing you such assistance.

10. INDEMNIFICATION; INSURANCE.

A. Indemnification. We and you are independent contractors. Neither we nor you will make any agreements, representations or warranties in the name of or on behalf of the other, or indicate that our relationship is other than that of franchisor and franchisee. Neither we nor you will be obligated by or have any liability under any agreements, representations or warranties made by the other, nor will we be obligated for any damages, losses, costs or expenses to any person or property directly or indirectly resulting from or arising out of the development or operation of your business, whether caused by your negligent or willful action or failure to act. You alone will be responsible for any claim, action, loss, damage, liability, injury or death arising out of, or relating to, the operation of your business or arising out of, or relating to, your acts or omissions or the acts or omissions of any of your agents, employees or contractors. You waive all claims against us arising out of the operation of the Franchised Business. You assume sole and complete responsibility for and will defend at your own cost and indemnify, reimburse and hold us harmless from and against all losses, costs, expenses (including attorneys' fees, litigation expenses, investigation expenses, and court costs), obligations, damages and liabilities directly or indirectly resulting from or arising out of the development, maintenance or operation of your business, including the operation of the Franchised Business and claims relating to your employment practices. We, using our own counsel, at your sole cost and expense,

may control any matter in which we are named or directly affected. Your indemnification of us and your assumption of liabilities and obligations set forth in this Agreement will continue in full force and effect after the expiration or termination of this Agreement.

B. Insurance. Prior to hiring your first employee and/or opening your Franchise Business, you must obtain (at your expense) and maintain in full force and effect during the term of your Franchise Agreement, an insurance policy or policies protecting your franchise business entity, yourself, us, and the officers, directors, partners, agents, and employees of both your business and ours, against any loss, liability, personal injury, death, property damage, or expense whatsoever arising from or occurring upon or in connection with the operation of the Franchise Business. The insurance policies must include, at a minimum: (i) special/causes of loss coverage forms (sometimes called “All Risk coverage”) on your business and all fixtures, equipment, supplies and other property used in the operation of your business, for full repair and replacement value of the machinery, equipment and improvements, including full coverage for loss of income resulting from damage to your business without any co-insurance clause, except that an appropriate deductible clause is permitted; (ii) business interruption insurance covering a minimum 12 months loss of income, including coverage for our Royalties with us named as a loss payee regarding those fees; (iii) professional liability insurance with minimum limits of \$1,000,000 per occurrence and \$1,000,000 aggregate; (iv) comprehensive general liability insurance, including bodily injury, product liability, property damage, contractual liability, personal injury and advertising injury insurance, with minimum limits of \$1,000,000 per occurrence and \$2,000,000 aggregate; (v) workers’ compensation and employer’s liability insurance covering all of your employees (vi) umbrella liability insurance with minimum limits of \$1,000,000 per occurrence; (vii) property insurance on all furniture, fixtures, equipment, and inventory using 100% of the replacement cost valuation and or a minimum of \$500,000; (viii) abuse and molestation insurance with minimum limits of \$1,000,000 per occurrence and \$2,000,000 aggregate; (ix) employment practices liability insurance with a minimum policy limit of \$500,000; (x) we and our affiliates as named additional insureds on all liability policies required by this Section 10.B; (xi) any other insurance coverages or amounts as required by law or other agreement related to your business. The required insurance coverage must begin as of the date of this Agreement, provided, however, that before the date you open the Franchised Location you will be obligated to carry insurance policies covering only those items specified under numerals (iv), (vi), and (vii) of this Section 10.B.

You must deliver to us, or a third party we designate, at the beginning and annually or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this Section 10.B. The insurance certificate must show us and our affiliates as additional insureds, include a waiver of subrogation under the General Liability policy in favor of us and provide that we will be given 30 days’ prior written notice of material change in or termination or cancellation of the policy. We will communicate the insurance certificate reporting process and may also request copies of all policies.

If you do not procure and maintain the insurance coverage required by this Agreement, we have the right, but not the obligation, to procure insurance coverage and to charge the same to you, together with a reasonable fee for the expenses we incur in doing so, payable by you immediately upon notice. Maintenance of the insurance requirement will not relieve you of the obligations of indemnification. You understand and agree that the ~~coverages~~coverage required by us ~~represent~~represents our minimum requirements only and may not be sufficient to adequately protect your interests. In addition, the ~~coverages~~coverage may not comply with the terms of other documents to which you are a party or with the insurance requirements in your jurisdiction. You are encouraged to conduct your own evaluation of your minimum insurance requirements to ensure that your interests are adequately protected. You assume all risks in connection with the adequacy of any insurance or self-insurance program and waive any claim against us for any liability costs or expenses arising out of any uninsured claim, in full or in part, of any nature.

We may from time to time modify the required minimum limits and require additional insurance coverages, by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the Athletic Republic® system, standards of liability and higher damage awards, and you shall immediately procure the amended coverage and promptly forward to us amended Certificates of Insurance evidencing compliance with the required changes.

If you are self-insured and we, in our sole discretion, consider that your coverage represents an adequate substitute for the insurance required in this Section 10.B, we, at your request, may, in our sole discretion, allow you to use your self-insurance instead of the insurance required in this Section 10.B. If we deny your request, you must obtain and maintain the insurance required in this Section 10.B. Furthermore, we may, at any time during the term of this Agreement, withdraw our approval to use your self-insurance instead of the insurance required in this Section 10.B, in which case you must, immediately after we withdraw our approval, obtain and maintain the insurance required in this Section 10.B.

11. **NON-COMPETE COVENANTS.** You agree that you will receive the benefits of our experience and best practices, valuable 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 agree to the following provisions.

A. **During Term.** You, anyone that at any time holds a 20% or greater equity interest in you, your guarantors, Manager and your Head Trainer will not, directly or indirectly, during the Term of this Agreement, on your or their own account or as an employee, consultant, partner, officer, director, shareholder or member of any other person, firm, entity, partnership, corporation or company: own, operate, lease, franchise, engage in, be connected with, have any interest in; (provided that you not disclosed such businesses to us before signing the Franchise Agreement), or assist any person or entity in any sports performance training business or a business that specializes in improving an athlete's fundamental movement skills, such as speed, power or agility, or the athlete's functional movement skills, such as first-step quickness, linear speed, multi-direction movement, vertical-jump explosive power and proprioceptive awareness, at any location.

B. **After Termination.** You, anyone that at any time holds a 20% or greater equity interest in you, your guarantors, Manager and your Head Trainer will not, directly or indirectly, for a period of 2 years after the transfer by you, or the expiration or termination of this Agreement, on your or their own account or as an employee, consultant, partner, officer, director, shareholder, lender, or joint venturer of any other person, firm, entity, partnership, corporation or company: own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in any sports performance training business or a business that specializes in improving an athlete's fundamental movement skills, such as speed, power or agility, or the athlete's functional movement skills, such as first-step quickness, linear speed, multi-direction movement, vertical-jump explosive power and proprioceptive awareness that is located: (i) at your former Franchised Business location; (ii) within the Protected Territory; (iii) at any franchised or within a 25 mile radius of licensed business location or any facility using the Trademarks, the Patents Rights or the System (whether it is owned by us or our affiliates or whether it is a licensed or franchised facility); in operation or under construction as of the date of termination, expiration or transfer (each an "Existing Location"); (iv) or within a 25-mile radius of any Existing Location (subject to applicable state law). Additionally, for a period of 2 years after the transfer by you, or the expiration or termination of this Agreement, you agree not to solicit any current, former, or prospective customer of the Franchised Business or any other customer of whom you have become aware as a result of your access to our System or other franchisees for any competitive purpose.

Without limiting the obligation in this Section 11, you must obtain Confidentiality and Non-Compete Agreements in the form attached as Appendix F from all the persons mentioned in this Section 11 and you must deliver such agreements within 5 days from the date we require them.

You agree that the length of time set forth in this Section 11 will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement. You agree that the time period and the scope of the covenants set forth in this Section 11 are the reasonable and necessary time and distance needed to protect us if this Agreement expires or is terminated for any reason.

Notwithstanding anything in this Section 11, it is expressly agreed that you may, at all times, offer those products and services that you were offering before the date of this Agreement, other than the Products. Furthermore, it is expressly agreed that all the persons or entities mentioned in this Section 11 may engage, in any capacity, in any other facility using the Trademarks, the Patents Rights or the System.

12. TRANSFERS.

A. Conditions to Your Transfer or Assignment. 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 Franchised Business. This Agreement, and your rights and obligations under it, are and shall remain personal to you. As used in Section 12, the term “Transfer” shall mean any sale, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by your disability or death or by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets used to operate the Franchised Business, or of any interest in you, or if you are a corporation, partnership, limited liability company or other entity, a transfer, pledge, assignment, or other disposition of 50% or more of the interest in your entity (which shall include the cumulative effects of any transfers within a 12-month period). You (and your shareholders, partners and members) will not directly or indirectly make a Transfer without (i) first tendering to us the right of first refusal in accordance with Section 12.B and (ii) our prior written consent. Unless otherwise provided in this Agreement, we will not unreasonably withhold our consent to a Transfer, subject to all of the following conditions being satisfied: (a) you have first tendered to us the right of first refusal in accordance with Section 12.B and we do not exercise such right; (b) the assignee must meet all of our then-current requirements for any potential new franchisee at the time of the proposed Transfer, including passing a background check, completing a credit check, have no personal bankruptcy filings, ~~and~~ having a net worth in excess of \$500,000 and has the passion, business experience and personal capability to be a successful Training Center owner; (c) you are in full compliance with all your obligations under all Franchise Agreements and all other agreements executed between you and us or our affiliates, and all your debts and financial obligations to us and our affiliates, your suppliers and your landlord are current; (d) you and your owners execute a written agreement in a form satisfactory to us in which you and your owners covenant to observe all applicable post-term obligations and covenants contained in this Agreement; (e) the proposed transferee executes our then-current standard form of franchise agreement (modified to reflect that the agreement relates to a Transfer), the terms of which may differ from this Agreement (including different Royalty fees, BOS Fees, marketing contributions, and Protected Territory) and pays us the then-current On-Boarding Fee; (f) the proposed transferee agrees in writing to perform the maintenance, remodeling and re-equipping of the Franchised Business that we determine necessary to bring the Franchised Business in compliance with our then-current standards, regardless of the cost of such modernizations, interior branding, and/or equipment replacements; (g) before the date of the proposed Transfer, the proposed transferee’s Facility Director successfully complete the training and instruction as we deem necessary; (h) you and all holders of an interest in you execute a general release in a form similar to that attached as Appendix D; (i) unless the Transfer is to an immediate family member, you pay us a \$10,000 transfer fee (the “Transfer Fee”). The Transfer Fee must be paid at the time you submit an application for consent to Transfer and the Transfer Fee is nonrefundable even if, for any reason, the proposed Transfer does not occur, in which case the Transfer Fee you

paid us for the failed Transfer will not be applied to any future attempted Transfer; and (j) you comply with any other conditions that we reasonably require from time to time as part of our Transfer policies.

You will not Transfer your interest in this Agreement to any person, partnership, corporation or entity that owns, operates, franchises, develops, consults with, manages, is involved in, controls, or is controlled by any person with an interest in any competing sports performance training or adult fitness business or if the Transfer will cause the provision in Section 11.A to be violated. Any attempted Transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement will be void, your interest in this Agreement will be voluntarily abandoned and it will provide us with the right to terminate this Agreement immediately. You acknowledge and agree that the restrictions imposed on the Transfer are reasonable and necessary to protect the goodwill associated with the System, the Patents Rights and the Trademarks, as well as our reputation and image, and are for the protection of us, you, and all our other franchisees.

B. Right of First Refusal. You will not directly or indirectly sell, assign, trade, transfer, lease, sublease, or otherwise dispose of any interest in or any part of the equipment that we sell to you under the Equipment Purchase Agreement, or that is leased to you by a third party, and any other equipment and any accessories that you subsequently acquire from us or that are required by us without first offering the same to us in writing at a price equal to the higher of (i) the net book value of the Fitness Equipment depreciated to the maximum extent permitted by applicable law or (ii) the amount offered to you by the approved third party, which holds a current operating agreement in good-standing with us. Upon our receipt of written notice specifying the proposed price and terms of the proposed sale or transfer, we will give you written notice within 60 business days after we receive the notice, which will either waive our right of first refusal to purchase or will state an interest in negotiating the purchase according to the proposed terms. If you and we begin negotiations pursuant to this Section 12.B, you may not sell to a third party for at least 90 days or until we and you agree in writing that the negotiations have terminated, whichever occurs last. If we waive our right to purchase, you will have the right to complete the sale or transfer of the Fitness Equipment according to the terms set forth in the written notice to us, but not upon more favorable terms to the proposed buyer. If you desire to sell, transfer or assign any of the Fitness Equipment to any proposed buyer upon terms more favorable than those which you have offered to us, you may not do so without first offering the Fitness Equipment to us upon the more favorable terms in accordance with the provisions of this Section 12.B. Any such sale, transfer or assignment to a third party must hold a current franchise agreement with us is expressly subject to the provisions set forth in this Section 12 and any lease agreement you may have executed. Your obligations under this Agreement will not be affected or changed because of our non-acceptance of your written offer.

C. Transfer by Us. We may transfer or assign this Agreement or any or all of the rights, interests, benefits or obligations arising under it without restriction. Upon any transfer or assignment of this Agreement by us, we shall be released from all obligations and liabilities arising or accruing in connection with this Agreement after the date of such transfer or assignment.

13. DEFAULT; TERMINATION.

A. Termination by Us with Notice to Cure. You shall be in default for any failure to maintain or comply with any of the terms, covenants, specifications, standards, procedures or requirements imposed by this Agreement or in any Manual, policy, procedure or statement or other written document provided by us, or to carry out the terms of this Agreement in good faith. Except as provided in Section 13.B, we will provide you with 30-days written notice of your default and of our intent to terminate the Agreement. If the defaults specified in the notice are not cured within the 30-day period, this Agreement shall automatically terminate upon the expiration of the 30-day period without further notice. Such defaults shall include without limitation, the occurrence of any of the following events: (i) a threat or danger to public health or safety results from the construction, maintenance or operation of the Franchised Business; (ii) you use non-approved

equipment in the Franchised Business; or (iii) you, by act or omission regarding the maintenance or operation of the Franchised Business, permit a continuing violation of any applicable law, ordinance, rule or regulation of a governmental body.

B. Termination by Us with No Opportunity to Cure. You shall be in default and we may, at our option, terminate this Agreement without affording you any opportunity to cure the default, effective immediately on our issuance of written notice of termination, upon the occurrence of any of the following events: (i) any material misrepresentation or omission in your franchise application; (ii) you cease to operate the Franchised Business for 10 consecutive business days (as defined in Section 8.A) or 15 or more business days in any 12-month period or otherwise your voluntary abandonment of this Agreement or the Franchised Location; (iii) the loss of your lease; (iv) the failure to timely cure a default under the lease; (v) any unauthorized use of the Confidential Information; (vi) any violation to the obligations not to compete under Section 11.A; (vii) insolvency of you, any of your owners or a guarantor; (viii) any portion of the Franchised Business becomes subject to an attachment, garnishment, levy or seizure by any creditor or any other person; (ix) any default under this Agreement that materially impairs the goodwill associated with any of the Trademarks; (x) conviction of you, any of your owners or guarantors of (or pleading no contest to) any felony regardless of the nature of the charges, or any misdemeanor that brings or tends to bring any of the Trademarks into disrepute or impairs or tends to impair your reputation or the goodwill of the Trademarks or the Franchised Business; (xi) you fail, refuse or neglect to pay Royalties or Marketing Fees to us within 30 days after the Royalties or Marketing Fees become due; (xii) intentionally understating or underreporting Gross Sales, Royalties Fees or any understatement or 5% variance on a subsequent audit within a 3 year period under Section 4.G; (xiii) failure to secure a site for the Franchised Location by the date set forth in Section 2.A; (xiv) failure to open the Franchised Location by the date set forth in Section 2.B; (xv) failure to order or take delivery of the equipment by the dates set forth in Section 8.C; (xvi) you or any of your owners, guarantors, or Facility Director acquire, directly or indirectly, ownership or an interest in, or otherwise becomes involved in a competing business; (xvii) any unauthorized transfer or assignment in violation of Sections 12.A or 12.B; (xviii) any default by you that is the second same or similar default within any 12-month period or the fourth default of any type within any 24-month period; (xix) you offer any part of the Training Programs at a location not listed in Appendix D; or (xx) termination of another franchise agreement or any other agreement between you or your affiliates and us or our affiliates due to you or your affiliates' default(s).

You acknowledge and agree that a breach or violation of any term, covenant, condition, warranty, representation or other obligation by you under this Agreement (other than a breach or violation that may be cured under Section 13.A above and that is in fact cured within 30 days after notice) shall constitute a material breach and default under this Agreement. Any breach or violation that may be cured under Section 13.A. above and that is not in fact cured within the 30-day period shall also constitute a material breach and default under this Agreement.

The Sprinting Treadmill, the Hockey Treadmill, the 3PQ and the ART Software include a shut-off device that we can activate remotely. In addition to our right to terminate this Agreement, we will have the right to shut-off the Sprinting Treadmill, the Hockey Treadmill, the 3PQ, and deny access to all BOS software and services, including the training center's online scheduling system, athlete assessment app, website and staff email accounts in the event that you fail to make payments to us when due or default on any payments owed to us. Once the treadmill's shut-off device is activated, a code will be required to reactivate the equipment; we will provide you the code to reactivate the equipment once you are current on all payments owed to us and are otherwise in full compliance with your obligations under this Agreement.

C. Automatic Termination. This Agreement will automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following: (a) if you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce

in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the ; or (b) if proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for you or the Franchised Business without your consent, and the appointment is not vacated within 60 days.

14. **POST-TERM OBLIGATIONS.** Upon the expiration or termination of this Agreement:

A. **Obligations upon Termination.** All of your rights to the use of the Trademarks and all other rights and licenses granted in this Agreement will revert to us without further act or deed of any party and all of your right, title and interest in, to and under this Agreement will become our property. You shall immediately cease to operate the Franchised Business, and shall not, directly or indirectly, represent to the public or hold yourself out as an Athletic Republic® franchisee or to have any affiliation with Athletic Republic® regarding such business. You shall immediately and permanently cease to use, in any manner, all Confidential Information, including Manuals, protocols, methods, procedures, best practices, and techniques used by or associated with the System, the Trademarks and the distinctive forms, trade dress, slogans, signs, symbols, logos and devices associated with the System, BOS software and services and all or any portion of point-of-sale, advertising or marketing materials developed, furnished or approved by us. You shall immediately return to us all Manuals (including, without limitation, all the protocols) that have been printed or provided and any other property held or used by you that is owned by us, and you shall cease to use, and shall at our option and at our request, either destroy or convey to us, all signs, displays, stationery, forms and any other materials that bear or display the Trademarks. If we request that you destroy any such materials, you shall, promptly after destruction of such materials, provide us with a letter on your letterhead and signed by your Owner(s), President or Chief Executive Officer attesting that the materials have been properly destroyed in accordance with applicable law. You shall immediately return to us, at your own expense, all of the ThrowingCords, KickingCords, PlyoCords, HittingCords, StartCords, SprintCords, PowerCords, Hamstring Cords, Warm-up Cords, Hip Cords, EZ Spot connection and all other cords, belts, lanyards and harnesses used at the Franchised Business. You must immediately comply with the post-term non-compete obligations under Section 11.B. You must immediately cancel or assign to us, at our option, any assumed name rights or equivalent registrations filed with authorities. You shall immediately pay all sums owed to us (including minimum Royalties and Marketing Fees for the remainder of the entire Term of this Agreement from the date of termination, unless you terminate the Agreement due to our breach and pursuant to the provisions of Section 13.C), our affiliates or designees and all sums you owe to third parties, and such sums shall include all damages, losses, costs and expenses (including attorneys' fees) incurred by us as a result of your default and the termination of this Agreement and you agree that until such obligation is paid in full, you will grant us a lien against all of the personal property, furnishings, equipment, signs, fixtures and inventory owned by you and used in the Franchised Business. You must continue to comply with the confidentiality provisions of Section 8.G. You must, within 10 days after termination or expiration of this Agreement, at your expense and subject to Section 14.B, remove or obliterate all signage, displays or other materials (electronic or tangible) in your possession at the Franchised Location or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks and so alter the appearance of the Franchised Location as to differentiate the Franchised Location unmistakably from duly licensed Athletic Republic® franchisees. At a minimum the modifications shall include: (i) removal of all signage and all interior branding elements; (ii) alteration of the white, red, gray, blue and black color scheme and decor; and (iii) discontinuation of the use of any item containing any of the Trademarks. If, however, you fail to comply with these provisions within 10 days from the date of termination of this Agreement, we shall have the right to enter the Franchised Location and remove all signage, displays or other materials in your possession at the Franchised Location or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks, and you must reimburse us for our costs incurred. You shall furnish us with written evidence satisfactory to us of compliance with all the obligations set forth in this

Section 14.A within 30 days after termination or expiration of this Agreement. You shall also pay to us all damages, losses, costs and expenses, including attorneys' fees, incurred by us subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any term, covenant or provision of this Agreement.

Notwithstanding anything to the contrary, 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, including the payment of the minimum Royalties and Marketing Fees for the entire Term of the Agreement as defined under Sections 3 and 4.

B. Purchase Option. Upon the expiration or termination of this Agreement we shall have the right to purchase or designate a third party that will purchase all or any portion of the equipment purchased by you in the Equipment Purchase Agreement and any other equipment and any accessories that you subsequently purchase from us or that are required by us. We will have 60 days from the date of termination or expiration to notify you of our decision to exercise our rights under ~~this~~ Section 14.B. In the event of termination, the purchase price for the assets we decide to purchase shall be equal to the lesser of the Net Depreciated Book Value determined in accordance with Generally Accepted Accounting Principles in the United States or 35% of the purchase price paid by you for such asset. In the event of expiration, the purchase price for the assets we or our designated party decide to purchase shall be equal to the greater of the Net Depreciated Book Value determined in accordance with Generally Accepted Accounting Principles in the United States or (i) 10% of the purchase price paid by you for such assets if the expiration occurs at the end of the initial term or (ii) 5% of the purchase price paid by you for such assets if the expiration occurs at the end of a renewal term.

You will be responsible for all travel expenses, proper equipment packaging and palletizing, per our instructions, removal and freight charges (including the specialized tools required for disassembly) for returning equipment purchased or recovered from your Franchised Business. We will deduct the total amount of the expenses we incur from the purchase price we must pay you if we exercise our purchase option and make adjustments to the valuation if the equipment is damaged due to improper packaging.

Upon the expiration or termination of this Agreement, your rights to all software covered by the BOS Fee will terminate, along with the license to use the 3PQ software, the AR Vision software, and there will be no repurchase value assigned to the software used in the Business Operating Systems, the Business Acceleration Program, any of the balance, slam or medicine balls, free weights, the 3PQ software and computer, Ground-Based training equipment, Recovery and Health equipment, Treadmill Platforms, Backpedal Mirror, PlyoBoxes, PlyoFoams, branded Wall Spines and Storage Racks, the overhead safety rail and hockey treadmill lanyards, or the AR Vision system all of which must be returned to us.

Your lease agreement for the Franchised Location and the documents executed between you and any person or entity providing you financing to purchase, lease, or otherwise acquire rights to the equipment and accessories used in the operation of the Franchised Business must include a provision stating that your landlord and the person or entity providing you such financing acknowledge our rights to repurchase provided under Sections 12.B and 14.B and agree that such rights will have priority over any right they may have on such equipment and accessories, as provided as the Franchise Lease Stipulation in Appendix J. You must provide us copies of the draft of your lease and the documents to be executed between you and any person or entity providing you the financing including such provision. You may not execute such documents before we provide our written approval to the provision referenced in this paragraph. If you fail to comply with your obligations under this paragraph and as a result of your omission our rights under Sections 12.B or 14.B are affected, you agree to pay us \$75,000 as fair and reasonable liquidated damages (but not as a penalty). You agree that this amount is for the damages that we will suffer for our inability to exercise our rights to repurchase the equipment and

accessories used in the operation of the Franchised Business and that it would be difficult to calculate with certainty the amount of damage that we will incur. You shall grant us a right to a security interest in the equipment we provide you to ensure payment of Royalty Fees, Marketing Fees, BOS Fees and other obligations through the Term of the Agreement and you hereby authorize us to file a UCC§1 with the Department of Commerce or other such government entity in the state where the Franchise Business is located. Notwithstanding the foregoing, if a court determines that this liquidated damages payment is unenforceable, then we may pursue all other available remedies, including consequential damages.

C. Attorney in Fact; Expenses. We may, if you fail or refuse to do so, execute in your name and on your behalf, any actions or documents that may be necessary to affect your obligations under Section 12.B or this Section 14, and you irrevocably appoint us as your attorney in fact to do so, which appointment is coupled with an interest. You shall pay to us all damages, costs and expenses, including reasonable attorneys' fees, incurred by us subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any term, covenant or provision of this Agreement.

15. DISPUTE RESOLUTION. The following provisions apply regarding dispute resolution:

A. 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 15.B of this Agreement, the parties' rights under this Agreement and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the State of Utah. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, ~~other than those of the state in which the Franchised Location is located.~~

B. Arbitration; Mediation. Except as qualified below, any dispute between you, your affiliates, owners or guarantors and us or our affiliates, arising under, out of, in connection with or in relation to this Agreement, the Franchised Business, or the parties' relationship must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association. The arbitration must take place in Salt Lake City, Utah. The arbitrators will be bound to the Federal Rules of Evidence and Discovery and shall be governed by the Federal Rules of Civil Procedure. The arbitrators shall have no authority to determine class action claims or other consolidated claims and shall have no authority to amend or modify the terms of the Agreement. The decision of the arbitrators will be final and binding on all parties to the dispute, provided, however, that the arbitrators may not under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; or (iii) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. A judgment may be entered upon the arbitration award by any state or federal court in Utah or the state of the Franchised Location.

Before the filing of any arbitration, as a pre-condition to the filing of any arbitration, the parties agree to mediate any dispute that does not include the injunctive relief or specific performance actions covered under Section 15.C, provided that the party seeking mediation must notify the other party of its intent to mediate before the termination of this Agreement. Mediation will be conducted by a mediator or mediation program agreed to by the parties. Persons authorized to settle the dispute must attend all mediation sessions in person. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute ~~if at all possible, within 30 days of the notice from the party seeking to initiate. If the parties do not reach resolution during the mediation procedures. If not resolved within 30 days,~~ the parties are free to pursue arbitration after the expiration of five (5) business days following the conclusion of the mediation. Mediation is a compromise negotiation for purposes of the federal and state rules of evidence and the entire process is confidential. Each party will bear their own costs and will split the cost of the mediator.

C. Injunctive Relief; Exemptions to Arbitration. You recognize that your failure to fulfill your obligations provided under this Agreement may cause irreparable damages to us or other franchisees. Therefore, notwithstanding Section 15.B above, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until the time a final and binding determination is made by the arbitrators. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that the parties might otherwise have by virtue of any breach of this Agreement by the other party. Furthermore, we have the right to begin a civil action against you or take other appropriate action for the following reasons: to collect sums of money due to us; to compel your compliance with trademark standards and requirements to protect the goodwill of the Trademarks; to compel you to compile and submit required reports to us; or to permit evaluations or audits authorized by this Agreement.

D. Venue. 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 that is not subject to arbitration under Section 15.B must be brought in the Federal District Court for the District of Utah or in the State courts located in Salt Lake City, Utah. The parties irrevocably submit themselves to, and consent to, the exclusive jurisdiction of said courts.

E. Jury Waiver. All parties irrevocably waive jury trial in any action or proceeding whether at law or in equity.

F. Waiver of Punitive Damages. You, your owners and guarantors and your affiliates and us and our affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained.

G. Attorneys' Fees. If you are in breach of any monetary or non-monetary ~~material~~ obligation under this Agreement or any related agreement between you and us and/or our affiliates, and we engage an attorney to enforce our rights (whether or not formal judicial proceedings are initiated), you must pay all of our reasonable attorneys' fees, court costs and litigation expenses we incur. If you institute any legal action to interpret or enforce the terms of this Agreement, and your claim in such action is denied or the action is dismissed, we are entitled to recover our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

H. Survival. The provisions of this Section 15 will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this Section 15, and with a complete understanding of such purposes and needs agree to be bound in the manner stated in this Section 15.

16. MISCELLANEOUS. The parties agree to the following provisions:

A. Adaptations and Variances. You acknowledge and agree that because complete and detailed uniformity under varying circumstances may not be practical, there may be variations from standard specifications and practices among Athletic Republic® franchisees and that you shall not be entitled to require us to grant like or similar variations or privileges to you.

B. Interpretation of Rights and Obligations. 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. 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. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment even if other reasonable or even arguably preferable alternatives are available, if our decision or action 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. Examples of items that will promote or benefit the System include enhancing the value of the Trademarks or Patents Rights, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

C. Claims. ~~You (and your officers, directors, owners and guarantors) may not assert any claim or cause of action against us or our affiliates relating to this Agreement, the Equipment or the Franchised Business after the shorter period of the applicable statute of limitations or one year following the expiration or termination of this Agreement; provided that where the one year limitation of time is prohibited or invalid by any applicable law, in that event no suit or action may be commenced or maintained unless commenced within the applicable statute of limitations.~~ You (and your officers, directors, owners and guarantors) expressly agree that no claim or cause of action may be filed or maintained against us and/or any of our present and former owners, officers, directors, employees, representatives, affiliates, parent companies, subsidiaries, predecessor, successors and assigns (each a "Franchisor Related Party") arising out of or relating to this Agreement, the relationship established by this Agreement, the offer and sale of the franchise opportunity, the Equipment, and/or the operation of the Franchised Business unless such claim or cause of action is filed before the expiration of the "Limitations Period". For purposes of this paragraph, the term "Limitations Period" means: one (1) year from the earlier of: (a) the date of the act, transaction or occurrence giving rise to the claim against us or a Franchisor Related Party; or (b) the date on which you (your officers, directors, owners and/or guarantors) knew or reasonably should have known of the facts or circumstances giving rise to the claim against us or a Franchisor Related Party. Notwithstanding the foregoing, if the Limitations Period is unenforceable under Utah law (or, in the event a court or an arbitrator determines a different state's law applies, then under that state's law), then the Limitations Period shall be equal to the shortest time period for a limitation of claims provision that is enforceable under the applicable law.

This contractual limitation of claims provision applies to all claims, whether based on contract, tort, statute, or any other legal theory. You acknowledge that this limitation of claims provision and the Limitations Period is a material inducement for us to enter into this Agreement and that it is intended to provide certainty and finality to potential disputes. To the fullest extent permitted by law, you hereby waive any longer statutory limitation period and agree that the foregoing limitation is reasonable and enforceable.

D. Severability. Should one or more clauses of this Agreement be held void or unenforceable for any reason by any 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 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.

E. Integration/Waiver. The preambles are a part of this Agreement. The headings of the Sections are for convenience only and do not define, limit or construe the contents of such Sections. This Agreement, together with its Appendixes and Addendum(s) constitute the entire agreement between the parties with respect to the subject matter of this Agreement and embody and supersede all prior agreements and negotiations with respect to this subject matter. There are no representations or warranties of any kind,

express or implied, except as contained in this Agreement. Notwithstanding the foregoing, you will be entitled to rely on the representations contained in the disclosure document provided to you prior to and in connection with your execution of this Agreement. 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. 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 standards and as otherwise provided 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.

F. Acknowledgments. You acknowledge that you have conducted an independent investigation of the business franchised under this Agreement and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon your ability. You acknowledge that you have received, read and understood this Agreement, that we have accorded you time and opportunity to consult with advisors of your own choosing about entering into this Agreement. You further acknowledge that we have recommended to you that you retain legal counsel to review this Agreement ~~and~~, the Appendixes and Addendum(s) attached to this Agreement and to advise you as to the terms and conditions of these documents and the potential economic benefits and risks of loss relating to these documents and the transactions contemplated in this Agreement. You acknowledge that we will not refund all or any part of any amounts payable under this Agreement or for the purchase of any of the products, equipment or supplies furnished by us.

G. Notices. Except as otherwise provided in this Agreement, any notice required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given (i) when received if delivered by hand; (ii) one business day after placement with a reputable national overnight carrier; or (iii) 3 business days after deposit if placed in the mail for delivery by airmail, postage pre-paid, and addressed to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party:

Notice to us:

Athletic Republic Inc.
3126 Quarry Road, Suite F
Park City, Utah 84098
Attention: CEO

Copy to:

Fisher Zucker, LLC
Lane Fisher, Esq.
21 South 21st Street
Philadelphia, PA 19103

Notice to you:

H. Relationship of the Parties. You and we are 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. Without limiting the generality of the foregoing, we will have no liability in connection with or related to the products or services rendered to you by any third party, even if we required, approved or consented to the product or service or designated or approved the supplier.

I. Guarantee. All individuals or entities who, now or in the future, directly or indirectly, own a 20% or greater interest in the franchisee when the franchisee is a corporation, limited liability company, partnership, or other entity must execute the form of personal guaranty attached to this Agreement as Appendix H. In addition, if we are entering into this Agreement totally or partially based on the financial qualifications, experience, skills or managerial qualifications of any person or entity who directly or indirectly owns less than a 20% interest in the franchisee, that person or entity must also execute the form of personal guaranty. Furthermore, any individual or entity that at any time after the date of this Agreement, directly or indirectly acquires a 20% or greater interest in the franchisee must execute the form of personal guaranty within 10 days from the date such person or entity acquires the 20% or greater interest in the franchisee. Before approving and entering into any transaction that would make any person or entity the owner of a 20% or greater interest in the franchisee, you must notify such person or entity of the content of this Section 16.I.

J. Force Majeure. In the event of any failure of performance of this Agreement according to its terms by any party due to force majeure will not be deemed a breach of this Agreement. For purposes of this Agreement, “force majeure” shall mean acts of God, State or governmental action, riots, disturbance, war, strikes, lockouts, prolonged shortage of energy supplies or any raw material, epidemics, pandemics, fire, flood, hurricane, typhoon, earthquake, lightning and explosion or other similar event or condition, not existing as of the date of signature of this Agreement, not reasonably foreseeable as of such date and not reasonably within the control of any party, which prevents in whole or in material part the performance by one of the parties of its obligations under this Agreement.

K. Notice of Potential Profit. We and/or our affiliates may from time to time make available to you goods, products or services for use in the Franchised Business on the sale of which we and our affiliates may make a profit. Further, we and our affiliates may from time to time receive consideration from suppliers or manufacturers in respect to sales of goods, 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/or consideration and that you will not receive (and are not entitled to) any part of such consideration.

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement as of the date set forth above.

FRANCHISEE:

ATHLETIC REPUBLIC, INC.

By _____
Its _____

By _____
Its _____

By _____
Its _____

By _____
Its _____

Appendix A
ATHLETIC REPUBLIC TRAINING PROTOCOLS

TRAINING TRIAL

Trial Training Session - Acceleration
Trial Training Session - Endurance

ACCELERATION – 60 minute

~~Ignition (Youth – Ground Based) Protocol Level .25~~

~~Ignition (Youth – RTM) Protocol Level .5~~

~~Ignition (Youth – RTM) Protocol Level .75~~

Regular Acceleration Level 1
Regular Acceleration Level 1.5
Regular Acceleration Level 2
Regular Acceleration Level 3
Regular Acceleration Level 4
Regular Acceleration Level 5
Backpedal Level 1
Regular Plyometrics Level 1
Regular Plyometrics Level 2
Regular Plyometrics Level 3
Regular Plyometrics Level 4
Condensed Plyometrics Level 1
Condensed Plyometrics Level 2
Home Plyometrics Level 1

In Season Training Level 1

Training Camp Hybrid (1 week)

Training Camp Speed (1 week)

Training Camp Agility (1 week)

ACL BRIDGE (Additional Certification Required)

ACL Bridge Assessment/Evaluation
ACL Bridge Phase 1
ACL Bridge Phase 2
ACL Bridge Phase 3
ACL Bridge – Modified (Level 1, 2 & 3)

ADULT FITNESS @ AR (AR-FIT)

Adult Fitness @ AR 2025 Programs (63 workouts)

High Intensity Interval Training
(52 weeks of daily work-outs)
1 Week Blank Template
AR-FIT 8-week Challenge daily workouts
AR-FIT 7-week Challenge daily workouts
AR-FIT 6-week Challenge daily workouts
Adult Enhanced - 12 Sessions (Yamuna & Stick Mobility)

BALANCED PROTOCOL – 90 minute

Balanced Protocol Overview
6 Session Hybrid Level 1
6 Session Balanced Plyo Level 1
6 Session Balanced Treadmill Level 1
9 Session Balanced Plyo Level 1
9 Session Balanced Treadmill Level 1
12 Session Balanced Plyo Level 1
12 Session Balanced Treadmill Level 1

BASEBALL

Baseball Hitting Drills
Baseball PowerCord Level 1
Pro Baseball In-Season Backpedal Level 1
Pro Baseball In-Season FWD RTM Level 1
Pro Baseball Pitchers Preseason Backpedal Level 1
Pro Baseball Pitchers Preseason Backpedal Level 2
Pro Baseball Pitchers Preseason FWD RTM Level 1
Pro Baseball Pitchers Preseason FWD RTM Level 2
Baseball / Softball Movement Drills & Strength

BASKETBALL

Basketball PowerCord Level 1

CORDS

ThrowingCord Level 1
ThrowingCord Level 2
HittingCord Level 1
KickingCord Level 1
PowerCord Level 1

DISTANCE RUNNING

Distance Running 800m-1500m Level 1
Distance Running 800m-1500m Level 2
Distance Running 800m-1500m Level 3
Distance Running 3K-10K Level 1
Distance Running 3K-10K Level 2
Distance Running 3K-10K Level 3

ENHANCED

Recovery (week 1-3)
Recovery (week 4-6)
Jump Strength (week 1)
Jump Strength (week 2)
Jump Strength (week 3)
Jump Strength (week 4)

Female Stability – Protocol Adaptations
Advanced Female Stability - Yamuna (6 Sessions)
Stability Sessions 1-10
Sensory Training
Shoulder Stability

ENDURANCE

3S (Speed, Strength & Stability) – 4, 6, & 8 weeks
Distance Running Mechanics & Assessment - checklist
Distance Running Program (weekly schedule) based on 10k
Distance Running Protocol 10k - Beginner
Distance Running Protocol 10k - 55 min.
Distance Running Protocol 10k - 50 min.
Distance Running Protocol 10k – 47-49 min.
Distance Running Protocol 10k - 45 min.
Distance Running Protocol 10k – 41-43 min.
Distance Running Protocol 10k - 40 min.
Distance Running Protocol 10k – 37-38 min.
Distance Running Protocol 10k – 35 min.
Indoor Cycling - Ride-of-the-Day
Indoor Cycling - Course Rides
Indoor Cycling – Swift

FIGURE SKATING

Figure Skating Jump Plyo Level 1
Figure Skating Plyos Level 1
Figure Skating Plyos Level 2
Figure Skating Plyos Level 3
Figure Skating Plyos Level 4
Figure Skating Backpedal Level 1
Figure Skating Backpedal Level 2
Figure Skating Backpedal Level 3
Figure Skating Backpedal Level 4
Figure Skating FWD RTM Level 1
Figure Skating FWD RTM Level 2
Figure Skating FWD RTM Level 3
Figure Skating FWD RTM Level 4

FOOTBALL

Football - Collegiate Level 1 (OL/DL)
Football - Collegiate Level 2 (OL/DL)
Football - Collegiate Level 1 (RB/LB/TE)
Football - Collegiate Level 2 (RB/LB/TE)
Football - Collegiate Level 1 (QB)
Football - Collegiate Level 2 (QB)
Football - Collegiate Level 1 (WR/DB)
Football - Collegiate Level 2 (WR/DB)
Collegiate Football Plyos Level 1
Collegiate Football Plyos Level 2
Pro Football Lineman Backpedal Level 1

Pro Football Lineman Backpedal Level 2
Pro Football Lineman FWD RTM Level 1
Pro Football Lineman FWD RTM Level 2
Pro Football Speed Specific Backpedal Level 1
Pro Football Speed Specific Backpedal Level 2
Pro Football Speed Specific Backpedal Level 3
Pro Football Speed Specific FWD RTM Level 1
Pro Football Speed Specific FWD RTM Level 2
Pro Football Speed Specific FWD RTM Level 3
Pro Football Speed Specific Plyometrics Level 3
Football Movement Drills & Sport-Specific Strength

GOLF

Golf Level 1
Golf Off-Season Base Building (4 weeks)
Golf Pre-Season Conditioning (4 weeks)
In-season Tour Training (2x week out-of-center)

GROUND-BASED (in-center/off-site)

Ground-based Level 1
Speed Camp - 9 Sessions (½ in center)

GYMNASTICS

Gymnastics Level 1

HOCKEY

Hat-Trick Level 1
Hat-Trick Level 2
Hat-Trick Level 3
Hat-Trick Level 4
Hat-Trick Level 5
Junior Skating Level 1
Junior Skating Level 2
Junior Skating Level 3
Junior Skating Level 4
Backward Skate Level 1
Collegiate Level 1
Collegiate Level 2
Collegiate Level 3
Goalie Level 1
Goalie Level 2
Pro Hockey Level 1
Pro Hockey Level 2
Plyo Platform Pro Hockey Level 1
Plyo Platform Pro Hockey Level 2
Special Hockey 3-Week Protocol Level 1
Shooting & Stick Handling Level 1 Plyos
In-Rink Flexibility and Balance Level 1 Cords
In-Rink Slide Board and Balance Level 2 Cords

Shooting & Stick Handling Level 1 Cords

IGNITION

[Ignition \(Youth - Ground Based\) Protocol Level .25](#)

[Ignition \(Youth - RTM\) Protocol Level .5](#)

[Ignition \(Youth - RTM\) Protocol Level .75](#)

[Ignition \(Youth - Ground Based\) 12 Session, Outdoor Learn to Train \(Youth - U8\)](#)

KICKING CORD

Kicking Cord Level 1

LACROSSE

Lacrosse Movement Drills & Sport-Specific Strength

MOBILITY

Exercise Summary

Tournament Recovery

Recovery Matrix

NETBALL

Netball Movement Drills & Sport-Specific Strength

PERSONAL TRAINING

[Assessment](#)

[Training Template](#)

PLYO PLATFORM

Plyo Platform Level 1

Plyo Platform Level 2

RECREATIONAL ATHLETE

Recreational Athlete LEVEL 1

Recreational Athlete Plyometrics Level 1

RUGBY

Rugby Movement Drills & Sport-Specific Strength

SPEED SKATING

Speed Skating Starts Level 1

STRENGTH

ProImplosion Level 1

Plyo Press Base Level 1

PlyoPress Jump Protocol - Overview

PlyoPress Jump Protocol - Level 1

ProPress Jump Protocol - Youth

Athlete Strength (PlyoPress, MultiHip, & Leg Curl Level 1)

Youth Lower Body Strength

Youth Upper Body

Youth Strength

SOCCER

Soccer Speed Plyometrics Level 1

Soccer Speed Plyos - Extended Version Level 1

Soccer Movement Drills & Sport-Specific Strength

SWIMMING

5-week Swimming Hybrid (Plyo/RTM/Backpedal)

5-week Swimming Strength (Dry-Land Training)

TENNIS

Tennis Movement Drills & Sport-Specific Strength

VOLLEYBALL

Volleyball Level 1

Volleyball Backpedal Level 1

Volleyball FWD Running Level 1

Volleyball PowerCord Level 1

WARM-UP

12 Months Pre-Written Dynamic Warm-up

WRESTLING

Wrestling Level 1

Appendix B

Trademarks

You have the right to use the following Trademarks in accordance with the terms of the Franchise Agreement:

Description of Mark	Principal/ Supplemental Register of the United States Patent and Trademark Office	Registration Date	Registration Number
ATHLETIC REPUBLIC	Principal	03/17/2009	3,591,950
UNLEVEL THE PLAYING FIELD	Principal	09/09/2008	3,499,848
	Principal	03/17/2009	3,591,951
TRAINING 365	Principal	02/28/2012	4,106,035
WHERE UNSTOPPABLE STARTS	Principal	06/19/2012	4,162,127
SUMMER OF SPEED	Principal	04/30/2013	4,329,249

We may amend this Appendix B from time to time in order to make available additional Trademarks or to delete those Trademarks that become unavailable. You agree to use only those Trademarks that are then currently authorized.

The Trademarks must be used only in the manner that we specify. No deviations will be permitted.

Appendix C

Protected Territory

Per Section 2.C. of the Franchise Agreement, subject to the terms and conditions of the Franchise Agreement, your Training Center's Protected Territory is defined by the geographic area within the Blue boundary line in Figure 1 as follows:

INSERT PROTECTED TERRITORY MAP

Figure 1

The following list of Satellite Training Centers:

- a. _____
- b. _____
- ~~c. _____~~
- ~~d. _____~~

The Protected Territory is considered fixed as of the date of the Franchise Agreement.

FRANCHISEE:

By: _____
Its: _____

FRANCHISOR:

ATHLETIC REPUBLIC, INC.

By: _____
Its: _____

Appendix D

Sample Form of Release

This Agreement is executed as of _____, 202_, by and between _____ (“Franchisee”), your [Shareholders/Members/Partners] signing this Agreement (collectively, Franchisee’s Owners”), and Athletic Republic, Inc. (“Franchisor”).

RECITALS

- A. Franchisor and Franchisee executed that certain franchise agreement dated _____, 202__ (the “Franchise Agreement”).
- B. Franchisee and/or Franchisee’s Owners have requested Franchisor’s consent for the [renewal/sale/transfer/assignment] of the Franchise Agreement.
- C. Franchisor has the right to request a general release from Franchisee and/or Franchisee’s Owners in connection with the request for approval of the [renewal/sale/transfer/assignment] of the Franchise Agreement.

Therefore, in consideration of the foregoing and the mutual covenants and reliance of the parties, the parties agree as follows:

AGREEMENT

Franchisee and/or Franchisee’s Owners, on behalf of themselves, and all others claiming by, through or under them hereby release and discharge, and agree to indemnify and defend, Franchisor and Franchisor’s affiliates, and each of their respective past and present shareholders, officers, directors, employees, agents, insurers, attorneys, successors and assigns (the “Released Parties”), from all claims, causes of action, obligations and liabilities (collectively “Claims”) which Franchisee and/or Franchisee’s Owners now have, ever had, or may hereafter have against the Released Parties, or any one of them, arising out of, based upon, or relating to: (i) the Franchise Agreement; (ii) the offer and sale of a franchise for the Athletic Republic® business to them; (iii) the furnishing of any products or services to them by any of the Released Parties; (iv) any actions taken by any of the Released Parties under or in relation to the Franchise Agreement; (v) the expiration or termination of the Franchise Agreement; or (vi) the relationship among the parties arising out of the Franchise Agreement. The foregoing release includes all such Claims whether known or unknown, or anticipated or unanticipated. Franchisee and/or Franchisee’s Owners represent to Franchisor that no Claim that is a subject of the above release, in whole or in part, has been assigned to any party that will not be bound by the release. Franchisee and/or Franchisee’s Owners covenant not to sue, or bring (or assist, encourage, or finance the bringing by any person not a party to this agreement of) any legal action or suits against the Released Parties for any Claim that is a subject of the above release.

This general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Each of the undersigned hereby acknowledges having read and understood this General Release and consents to be bound by all of its terms.

FRANCHISEE:

By: _____

Its: _____

FRANCHISOR:

ATHLETIC REPUBLIC, INC.

By _____

Its: _____

FRANCHISEE'S OWNERS

_____, individually

_____, individually

DO NOT SIGN – FOR REFERENCE ONLY

Appendix E

Equipment Purchase Agreement

THIS AGREEMENT made and entered into this ___ day of _____, 202_, by and between Athletic Republic, Inc., a North Dakota Corporation, with its principal place of business at 3126 Quarry Road, Suite F, Park City, Utah 84098 (“Seller”) and _____ (“Buyer”).

RECITALS

- A. On the date of this Agreement, Buyer and Seller are executing a franchise agreement (the “Franchise Agreement”).
- B. Pursuant to the Franchise Agreement, Buyer must purchase certain minimum equipment to operate the business franchised under the Franchise Agreement, and Buyer has the option to purchase any additional equipment that Buyer deems appropriate.
- C. All Fitness Equipment purchased by Buyer as part of the initial equipment order will be processed and placed by the Seller.

Therefore, in consideration of the foregoing and the mutual covenants and reliance of the parties, the parties agree as follows:

AGREEMENT

- 1. DEFINITIONS. For the purposes of this Agreement, the following definitions shall apply:
 - A. “Fitness Equipment” shall mean the Fitness Equipment and devices listed on Schedule A attached hereto and made a part hereof.
 - B. “Installation Services” shall mean the installation, set up, test and related services of the Fitness Equipment as defined in the specifications for the Fitness Equipment.
- 2. TITLE. Seller hereby sells to Buyer the Fitness Equipment identified on Schedule A. Buyer shall order the Fitness Equipment from Seller no later than 250 days from the date of the Franchise Agreement. Upon payment to Seller of the purchase price set forth on Schedule A, title to the Fitness Equipment and User Documentation shall vest in Buyer.
- 3. SHIPPING AND PACKAGING.
 - A. The mode of shipment of the Fitness Equipment shall be selected by Seller and the cost of such shipment and packaging shall be added to the purchase price set forth in Schedule A.
 - B. The Fitness Equipment shall be packaged in accordance with Seller’s then current packaging specifications or the specifications of the manufacturer.
 - C. The Fitness Equipment shall be delivered “ex works” (as such term is defined in INCOTERMS 2010 published by the International Chamber of Commerce) Seller’s facility in Salt Lake City, Utah or another facility designated by Seller in writing, and Buyer assumes all risk of loss thereafter. Buyer shall take delivery

of the Fitness Equipment no later than 250 days from the date of the Franchise Agreement, provided that Buyer has previously paid the purchase price in full.

D. Seller and Buyer shall mutually agree to pre-set a ship date for the Fitness Equipment, as part of the Training Center Opening schedule (the "Equipment Ship Date").

4. PURCHASE PRICE, TAXES AND PAYMENT TERMS.

A. The purchase price for the Fitness Equipment shall be as set forth in Schedule A. The purchase price, together with all applicable shipping charges, packaging charges, installation charges, other special charges and taxes, including all penalties, but less any credit for deposit, shall be payable in full to Seller as described in Schedule A and is non-refundable upon payment. Buyer shall pay a late payment charge of 1.5% per month, or the maximum rate permitted by applicable law, whichever is less, on any unpaid amount for each calendar month or fraction thereof that any payments are in arrears to Seller.

B. Buyer shall pay all taxes based on or in any way measured by this Agreement, the Fitness Equipment or any services related thereto, including any personal property taxes. If Buyer elects to challenge the applicability of any such tax, Buyer shall pay such tax to Seller and Buyer may thereafter challenge such taxes and seek refund thereof.

C. Given the supply challenges and the variability of the price for steel, Buyer agrees that Seller has the right to modify the Fitness Equipment pricing at any point prior to Buyer placing the equipment order.

5. INSTALLATION SERVICES.

A. Buyer shall have the exclusive responsibility for preparing and maintaining the site for the Fitness Equipment, including but not limited to providing the appropriate support, power, lighting, internet access available for all the Fitness Equipment, and other services associated with the operation of the Fitness Equipment and obtaining and maintaining any necessary permits for any particular construction.

Buyer must complete and return Sellers 'Training Center Readiness Report' no less than 3 weekss prior to the Equipment Ship Date to verify the Training Center is ready to receive and install the Fitness Equipment. Should the Training Center not be ready to receive and install the Fitness Equipment, the Equipment Ship Date may be changed up to two weeks prior to the pre-set Equipment Ship Date without any additional charge. If the Equipment Ship Date is changed less than one week prior to the Equipment Ship Date or if the Training Center is not ready to receive and install equipment, meaning that all tasks on Training Center Readiness Report have not been properly completed prior to the delivery of the Fitness Equipment, then Buyer agrees to pay Seller a surcharge of \$5,000 to cover the additional costs Seller will incur to install the Fitness Equipment.

B. If the Fitness Equipment includes a Hockey Treadmill, the Buyer will have the responsibility for the construction and sound-proofing of the Hockey Treadmill platform, to the minimum of our specifications and any construction of a surrounding enclosure, as well as the mounting of the Overhead Safety Rail system, after the Hockey Treadmill is installed.

C. Buyer is responsible for purchasing and installing all mirrors, including but not limited to, the mirrors placed in front of the Super Running Treadmills, on the Treadmill Back Pedal Mirror Stand, and in front of the PlyoFloor.

D. Buyer will pay the Seller its then current fee to unload, unpack, place in position, install and set-up of the Fitness Equipment. The cost of the services ranges between \$4,000 - \$20,000 and the actual amount among other considerations will depend on the Training Center's location, the accessibility of the job site, the amount of equipment being installed, the availability of an overhead/garage door into the space, and having to navigate curbs, stairs, single doors, and low height doors, and access to the appropriate power service, internet, heating/cooling and water, and the amount of time required to complete the installation. Buyer must pay Seller such amounts to provide the appropriate tools, forklift(s), forklift operator(s), scissor lifts, pallet jacks, and all other equipment and labor necessary to fulfill Buyer's obligations under this paragraph. Buyer shall bear all costs for the performance of such Installation Services by others. Such amounts are fully earned upon payment and are not refundable. Seller will provide Buyer assistance with the installation of the equipment and Buyer will be obligated to reimburse Seller for all the expenses Seller incurs in providing this assistance.

6. WARRANTY.

Buyer shall be solely responsible for the selection, use, efficiency and suitability of the Fitness Equipment for its intended purpose. Seller warrants that, under normal use and service, the Fitness Equipment shall be merchantable. However, Buyer acknowledges that Seller is not the manufacturer of the equipment, but only the distributor thereof. If the Fitness Equipment is not free from defects in material or workmanship, Buyer shall give Seller written notice thereof and Seller will assist Buyer to correct the failure by repair, replacement or adjustment as may be directed by the manufacturer.

Seller shall not be liable to Buyer if Buyer modifies any of the Fitness Equipment, attachments, features or devices employed on the Fitness Equipment which are not supplied by or not approved in writing by Seller or the manufacturer, or the Fitness Equipment is subject to misuse or abuse.

The Fitness Equipment is provided on an "AS IS" basis, and Seller shall have no liability to Buyer other than as specifically assumed by Seller herein.

7. TERMINATION/CANCELLATION.

A. This Agreement may be terminated or cancelled by Seller if:

- (1) Buyer fails to pay Seller the purchase price;
- (2) Buyer is in default in any other provision of this Agreement and such default has not been cured within 20 days of written notice given by Seller;
- (3) Buyer becomes insolvent or seeks protection, voluntarily or involuntarily under any bankruptcy laws; or
- (4) The Franchise Agreement is terminated.

B. In the event of any termination/cancellation of this Agreement, Seller may:

- (1) Declare all amounts owed Seller to be immediately due and payable;
- (2) Enter Buyer's premises and repossess the Fitness Equipment and all other items supplied by Seller; and
- (3) Cease performance of all of Seller's obligations under this or any other agreement with Buyer without liability to Seller.

C. In addition, if the Franchise Agreement is transferred, terminated or expires, Seller shall have the option to repurchase all or part of the Fitness Equipment pursuant to the terms of the Franchise Agreement.

D. The foregoing rights and remedies of Seller shall be cumulative and in addition to all other rights and remedies available to Seller in law and in equity.

8. LIMITATION OF LIABILITY. In no event shall Seller be liable to Buyer for any indirect, special or consequential damages or lost profits, even if Seller has been advised of the possibility thereof, arising out of or related to this Agreement or the performance or breach thereof. In no event shall Seller be liable to Buyer for any damages resulting from or related to any failure or delay of Seller in the delivery or installation of the Fitness Equipment or in the performance of Installation Services or other services under this Agreement.

9. GENERAL.

A. This Agreement shall be deemed effective upon execution thereof by Buyer and acceptance thereof by an authorized representative of Seller.

B. Any cause of action arising out of or related to this Agreement must be brought no later than one year after the cause of action has incurred. This Agreement shall be interpreted in accordance with the substantive laws of the State of Utah and any dispute arising therefrom shall be venued in the State of Utah.

C. This Agreement supersedes all prior understandings, writings, proposals, representations, or communications, oral or written, of either party. This Agreement may only be amended by a writing executed by the authorized representatives of both parties.

BUYER:

SELLER:

ATHLETIC REPUBLIC, INC.

By: _____

By _____

Its: _____

Its: _____

Equipment Purchase Agreement
Schedule A

I. PURCHASE PRICE. Buyer shall pay to Seller the sum of _____ (\$_____) (the "Purchase Price") as compensation for the Fitness Equipment. The Purchase Price shall be paid to Seller from Buyer as follows (i) \$~~3035~~,000 is due at the time the Franchise Agreement is executed as a non-refundable On-Boarding Fee for the Business Acceleration Program on-boarding equipment, software and services; (ii) 50% of the remaining balance is due at the time Buyer orders the Fitness Equipment, plus the cost of the Promotional and Marketing Materials, Interior Branding and Graphics, and Grand Opening Marketing; and (iii) the remaining balance, plus the estimated transit and installation expenses is due two weeks before the date the Fitness Equipment is ready to be shipped to Buyer.

II. EQUIPMENT.

A. The following is a partial list of Fitness Equipment which may be included in the above-listed Purchase Price. Seller and Buyer agree the Purchase Price and list of Fitness Equipment may be modified up until the date the equipment is ordered.

ITEM	QUANTITY
SPEED	
Speed / Agility (2) 15' x 18" Ladders, (6) 12" Hurdles, (6) 6" Hurdles & (12) 2" Cones	
AR Generation IV SuperTreadmill (5.0) / AR-Woodway Super Running Treadmill (5.0)	2
Single Platform	2
Mobile Backpedal Mirror	1
Backpedal Harnesses 10pk - (1) XS, (2) S, (3) M, (2) L, (1) XL, (1) EZ Spot	1
Sprint Cords 6pk - (2) M, (2) H, (2) VH & (8) thigh / calf attachments	1
STRENGTH / POWER	
Plyo Press Machine (black w/ red upholstery)	2
3PQ ForcePlate, Software & Computer, AR-branded Table and Stool	1
Pro Multi Hip (black w/ red upholstery)	2
Body Bar 6 pk - (1) 12lb, (2) 18 lb, (2) 24 lb, (1) 30 lb	1
Concept 2 Rowing Machine	2
Battle Ropes - (2) w/ Rack Anchors + (4) 1 lb. Jump Ropes	1
TRX Suspension Trainers	4
AR-branded Dumbbells (5-75 lbs.) - 15 pairs	1
Aerobic Dumbbells (4) pairs - (1) 2lb, (1) 4 lb., (1) 6lb, (1) 8 lb.	1
Push Sleds	2
KettleBells 12pk - pairs 10lb, 15lb, 20lb, 25lb, 30lb & 40lb	1

5-tier Storage (Dumbbells, Kettlebells, MedBalls & SlamBalls w/ Bosu Underneath)	1
Strength <u>Strength</u> Rig with (2) Half Racks, (1) Incline Bench, (1) Landmine, (2) Cord Spines	1
Weight Bars (4) Bars, (1) HexBar, (2) Landmine & (8) Collars	1
AR-branded Weight Plates (800 lbs), Bumper Plates (400 lbs) & (4) lifting belts	1

STABILITY / AGILITY

PlyoFloor (6 patterns: 12' x 20') with ramps	1
Set of stackable Plyoboxes & 1 soft 3-in-1 PlyoBox	1
Plyo Foams	9
Plyo Belts 12 pk- (3) S, (4) M, (3) L, (2) XL	1
Plyo Cords 12 pk (pairs) - (4) M, (4) H, (4) VH	1
AR Balance - (12) discs and (6) ramps	1
Mini Loop Resistance Bands 24 pk - (6) Light, (6) Med, (6) Heavy, (6) X-Heavy	1
Super Loop Resistance Bands 14pk - (2) Light, (4) Med, (4) Heavy, (4) X-Heavy	1
(6) Medicine (2x: 12, 16; 1x: 8, 20lb.), (10) Slam (2x: 6, 8, 10, 15; 1x 20, 25 lb.) & (6) Reaction Balls	1
Fitness Balls (2) 55cm, (2) 65cm & Bosu Balls (2)	1
Storage <u>Storage</u> Bins	2

CORDS / RESISTANCE / CONTRAST TRAINING

(8) Hamstring / Hip Cords (2M, 2H, 2VH, 2SH) with (4) Ankle & (4) Hip Attachments	
Spines - Rig & Wall	4
Kicking Cords	2
Throwing Cords	2
Warm-up Cords	2
PowerCords - (1) S, (2) M, (2) L, (1) XL	6
AR Cord & Mat Storage pk - (1) large, (3) small & 30 hooks	1

RECOVERY / HEALTH

Foam Rollers - (8) w/ storage rack	1
Vibration Rollers - (2) Rollers, (2) Spheres, (2) MiniSpheres	1
Percussion /Vibration Guns	2
Charging Station	1
STK (TriggerPoint)	4
NormaTec Pluse 2.0 Compression Leg and ZeroGravity Chair	1

Exercise Mats 8

TECHNOLOGY / TESTING

Accessory pk - (6) Stop Watches, (6 pairs) Turf Sliders, Field Tape Measure	1
VerTec (free standing)	1
AR Vison Hardware - (2) iPads, Charging station, cables connections & 52" TV	1
Credit Card Swipe Machine	1
Synaptec Stobe Glasses	6
Stick Mobility 8 pk - (4) 6' & (4) 7'	1

B. Shipping/Delivery/Set Up.

1. All Fitness Equipment will be shipped with the estimated freight prepaid. Buyer shall pre-pay the estimated shipping costs to Seller two weeks prior to packaging the Fitness Equipment for shipment. Upon Seller's receipt of the final shipping bill, Seller will invoice / reconcile with Buyer for the same amount, usually within 60 days after equipment delivery.

2. Estimated packaging charges for the shipping of all Fitness Equipment will be invoiced to Buyer. Buyer shall pre-pay the estimated packaging charges to Seller two weeks prior to packaging the Fitness Equipment for shipment. Upon Seller's receipt of the final packaging bill, Seller will invoice / reconcile with Buyer for the same amount, usually within 60 days after equipment delivery.

3. Estimated installation charges for the set-up and configuration of all Fitness Equipment will be invoiced to Buyer. Buyer shall pre-pay the estimated installation charges to Seller two weeks prior to packaging the Fitness Equipment for shipment. Upon Seller's receipt of the final installation bill, Seller will invoice / reconcile with Buyer for the same amount, usually within 60 days after equipment delivery.

4. Liability insurance for and during delivery and set up of the equipment will be the responsibility of Seller or the installer as it pertains to damage to the equipment to be installed or injuries or damages to those effecting the installment, not including any employees of Buyer or those hired by Buyer and participating in the installation. Buyer shall provide Buyer's own insurance coverage for liability, damages, costs or expenses arising from the actions of its employees, or those individuals hired with regard to installation and any property damage to Buyer's property or any leased premises that may occur during the process of installation. Each party waives all claims for recovery from the other party for any loss or damage to any of its property insured under valid and collectible insurance policies required to be carried herein.

5. If Buyer orders the Hockey Treadmill(s), the set-up of each Hockey Treadmill will be done by the manufacturer or a third party that we designate. The Manufacturer or third-party installer will bill Seller and Buyer shall immediately reimburse Seller for such amount.

6. There may be other costs for the delivery, installation, set up or other miscellaneous costs depending on the Fitness Equipment being purchased by Buyer. Seller will notify Buyer of such costs before the date of execution of the Equipment Purchase Agreement.

Appendix F

**Form of Confidentiality and Non-Competition Agreement for
Officers, Directors, Managers and Head Trainers**

THIS AGREEMENT is made as of this ____ day of _____, 202_, by and between _____ (“Franchisee”) and _____ (“Confidant”).

RECITALS

- A. Athletic Republic, Inc. (“AR”) and Franchisee executed that certain franchise agreement dated as of _____ (the “Franchise Agreement”).
- B. Franchisee has received and will periodically receive Confidential Information of AR. “Confidential Information” means the whole or any portion of know-how, knowledge, methods, protocols, trainer education, specifications, processes, procedures and/or improvements regarding the business that is valuable and secret in the sense that it is not generally known to AR competitors and any proprietary information contained in any AR documents that AR provides to Franchisee and in which AR describes the Athletic Republic® System or any operational policies, protocols, standards, education, marketing, requirements and practices, whether communicated to Franchisee 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 Athletic Republic® training centers, as well as the content of the Franchise Agreement and any other document executed in connection with the Franchise Agreement.
- C. Pursuant to the Franchise Agreement, all of Franchisee’s owners, guarantors, officers, directors, managers, and head trainers may not, at any time, disclose, copy, reproduce, sell or use in any other business or in any manner not specifically authorized or approved in advance in writing by AR any Confidential Information. Furthermore, anyone that at any time holds a 20% or greater equity interest in Franchisee, and Franchisee’s guarantors, Facility Director, and Director of Business Development have certain non-compete obligations.
- D. Pursuant to the Franchise Agreement, Franchisee must obtain Confidentiality and Non-Compete Agreements from the persons and/or entities referenced in the prior paragraph.
- E. Confidant wants to become or currently is a(n) _____ of Franchisee and, therefore, it has had and/or will have access to Confidential Information.

NOW, THEREFORE, in consideration of foregoing, the payment of \$10.00 that at the time of execution of this Agreement Franchisee is paying to Confidant, and the mutual covenants and reliance of the parties, the parties agree as follows:

1. Confidant agrees that (a) it will treat as confidential and will not disclose the Confidential Information which may be made or become available to Confidant; (b) it will maintain in a secure place any Confidential Information delivered to it; (c) it will prevent disclosure of any Confidential Information by any employee, agent, or representative of Confidant and assume liability for any breach of this Confidentiality Agreement, or for any other unauthorized disclosure or use of Confidential Information, by Confidant or any of Confidant’s employees, agents, or representatives; and (d) it will not use any Confidential Information for any purpose other than in furtherance of its relationship with Franchisee or for any purpose which may be detrimental to AR or AR’s present or potential business or shareholders.

2. Confidant represents and warrants that as of this date, Confidant has never disclosed Confidential Information to any third party.

3. Nothing stated herein shall preclude the disclosure of Confidential Information in response to a valid order of a court, governmental agency or other governmental body or any political subdivision thereof or as otherwise required by law, provided, however, that if Confidant is requested pursuant to, or required by, applicable law, regulation or legal process to disclose any Confidential Information, Confidant will notify AR and Franchisee promptly so that AR and Franchisee may seek a protective order or other appropriate remedy or, in AR's sole discretion, waive compliance with the terms of this Agreement. Confidant agrees to use reasonable efforts to cooperate with AR and Franchisee in connection with AR's and Franchisee's efforts to prevent disclosure or seek confidential treatment or any other remedy respecting such requested or required disclosure.

4. Confidant will not, directly or indirectly, during the term of the Franchise Agreement, on his/her or own account or as an employee, consultant, partner, officer, director, shareholder or member of any other person, firm, entity, partnership, corporation or company: own, operate, lease, franchise, engage in, be connected with, have any interest in, or assist any person or entity in any sports training or health fitness business which is located within the Protected Territory, the description of which shall be provided to Confidant upon request, or within a 25 mile radius of any facility using the Trademarks, the Patents Rights or the System (whether it is owned by AR or its affiliates or whether it is a licensed or franchised facility), except that Confidant may continue operating any business and providing any product or service that he/she was operating and providing at the time of execution of the Franchise Agreement.

5. Confidant will not, directly or indirectly, for a period of 2 years after the transfer by Franchisee, or the expiration or termination of the Franchise Agreement, on his/her own account or as an employee, consultant, partner, officer, director, shareholder, lender, or joint venturer of any other person, firm, entity, partnership, corporation or company: own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in any sports training or health fitness business that is located within the Protected Territory or within a 25 mile radius of any facility using the Trademarks, the Patents Rights or the System (whether it is owned by AR or its affiliates or whether it is a licensed or franchised facility), except that Confidant may continue operating any business and provide any product or service that he/she was operating and providing at the time of execution of the Franchise Agreement.

6. Confidant acknowledges that the Training Center's customer list or any customer data constitutes the sole property and confidential information of AR and Confidant will not use, copy, share or reproduce the customer list or any customer data for any purpose. Confidant agrees to not to solicit business or contact any customer for the purpose of training or any other competitive purpose for a period of 2 years after Confidant's relationship with Franchisee terminates for any reason, or the expiration or termination of the Franchise Agreement.

7. Additionally, in the event of a breach or threatened breach of any of the terms of this Agreement by Confidant, AR and Franchisee will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance, without showing or proving any actual damage and without any obligation to post bond or grant any other type of guaranty, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that AR might otherwise have by virtue of any breach of this Agreement by Confidant.

8. No modification or waiver of any of the provisions hereof, or any representation, promise or addition hereto, or waiver of any breach hereof, will be binding upon a party unless made in writing and signed by

the party to be charged thereby and by AR. No waiver of any particular breach will be deemed to apply to any other breach, whether prior or subsequent to a waiver. This Agreement may not be assigned by Confidant without the express prior written consent of AR.

9. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement will be entitled to recover its reasonable attorneys' fees and costs.

10. In the event that any provision of this Agreement is held void or unenforceable for any reason by any court of competent jurisdiction, such provision will be deemed to be separable and the remainder of this Agreement shall continue in full force and effect.

11. This Agreement shall be construed and enforced in accordance with the laws of the State of Utah, without regard to any conflict of laws principles. Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement must be brought in the Federal District Court for the District of Utah or in the State courts located in Salt Lake City, Utah. The parties irrevocably submit themselves to, and consent to, the exclusive jurisdiction of said courts. 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, or any legal action initiated for the recovery of damages for breach of this Agreement.

12. Franchisee and Confidant expressly agree that AR is a third-party beneficiary of this Agreement and as such AR shall have the right to enforce any and all remedies available upon the violation of any of the provisions under this Agreement. In addition, AR may require Franchisee to bring any action that AR considers appropriate in the event of any breach by Franchisee hereunder. In the event that AR or Franchisee make a claim that Confidant has violated Confidant's obligations under this Agreement, Confidant will have the burden of proving that such violation did not occur.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in the manner appropriate to each.

FRANCHISEE

CONFIDANT

By: _____

By: _____

Its: _____

Its: _____

Appendix G

Form of Confidentiality and Non-Solicitation Agreement for Employees, Agents and Representatives

THIS AGREEMENT is made as of this ____ day of _____, 202_, by and between _____ (“Franchisee”) and _____ (“Confidant”).

RECITALS

A. Athletic Republic, Inc. (“AR”) and Franchisee executed that certain franchise agreement dated as of _____ (the “Franchise Agreement”).

B. Franchisee has received and will periodically receive Confidential Information of AR. “Confidential Information” means the whole or any portion of know-how, knowledge, methods, protocols, trainer education, specifications, processes, procedures and/or improvements regarding the business that is valuable and secret in the sense that it is not generally known to AR competitors and any proprietary information contained in any AR documents that AR provides to Franchisee and in which AR describes the Athletic Republic® System or any operational policies, protocols, standards, education, marketing, requirements and practices, whether communicated to Franchisee 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 Athletic Republic® training centers, as well as the content of the Franchise Agreement and any other document executed in connection with the Franchise Agreement.

C. Pursuant to the Franchise Agreement, all of Franchisee’s employees or agents, or any other individual or entity to whom Franchisee has disclosed the Confidential Information, may not, at any time, disclose, copy, reproduce, sell or use in any other business or in any manner not specifically authorized or approved in advance in writing by AR any Confidential Information.

D. Pursuant to the Franchise Agreement, Franchisee must obtain Confidentiality Agreements from all of its employees or agents, or any other individual or entity to whom Franchisee has disclosed the Confidential Information.

E. Confidant wants to become or currently is a(n) _____ of Franchisee and, therefore, it has had and/or will have access to Confidential Information.

NOW, THEREFORE, in consideration of foregoing, the payment of \$10.00 that at the time of execution of this Agreement Franchisee is paying to Confidant, and the mutual covenants and reliance of the parties, the parties agree as follows:

1. Confidant agrees that (a) it will treat as confidential and will not disclose the Confidential Information which may be made or become available to Confidant; (b) it will maintain in a secure place any Confidential Information delivered to it; and (c) it will not use any Confidential Information for any purpose other than in furtherance of its relationship with Franchisee or for any purpose which may be detrimental to AR or AR’s present or potential business or shareholders.

2. Confidant represents and warrants that as of this date, Confidant has never disclosed Confidential Information to any third party.

3. Nothing stated herein shall preclude the disclosure of Confidential Information in response to a valid order of a court, governmental agency or other governmental body or any political subdivision thereof or as

otherwise required by law, provided, however, that if Confidant is requested pursuant to, or required by, applicable law, regulation or legal process to disclose any Confidential Information, Confidant will notify AR and Franchisee promptly so that AR and Franchisee may seek a protective order or other appropriate remedy or, in AR's sole discretion, waive compliance with the terms of this Agreement. Confidant agrees to use reasonable efforts to cooperate with AR and Franchisee in connection with AR's and Franchisee's efforts to prevent disclosure or seek confidential treatment or any other remedy respecting such requested or required disclosure.

4. Confidant acknowledges that the Training Center's customer list or any customer data constitutes the sole property and confidential information of AR and Confidant will not use, copy, share or reproduce the customer list or any customer data for any purpose. Confidant agrees to not to solicit business or contact any customer for the purpose of training or any other competitive purpose for a period of 2 years after Confidant's relationship with Franchisee terminates for any reason, or the expiration or termination of the Franchise Agreement.

5. Additionally, in the event of a breach or threatened breach of any of the terms of this Agreement by Confidant, AR and Franchisee will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance, without showing or proving any actual damage and without any obligation to post bond or grant any other type of guaranty, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that AR might otherwise have by virtue of any breach of this Agreement by Confidant.

6. No modification or waiver of any of the provisions hereof, or any representation, promise or addition hereto, or waiver of any breach hereof, will be binding upon a party unless made in writing and signed by the party to be charged thereby and by AR. No waiver of any particular breach will be deemed to apply to any other breach, whether prior or subsequent to a waiver. This Agreement may not be assigned by Confidant without the express prior written consent of AR.

7. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement will be entitled to recover its reasonable attorneys' fees and costs.

8. This Agreement shall be construed and enforced in accordance with the laws of the State of Utah, without regard to any conflict of laws principles. 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, or any legal action initiated for the recovery of damages for breach of this Agreement.

9. Franchisee and Confidant expressly agree that AR is a third-party beneficiary of this Agreement and as such AR shall have the right to enforce any and all remedies available upon the violation of any of the provisions under this Agreement. In addition, AR may require Franchisee to bring any action that AR considers appropriate in the event of any breach by Franchisee hereunder. In the event that AR or Franchisee make a claim that Confidant has violated Confidant's obligations under this Agreement, Confidant will have the burden of proving that such violation did not occur.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in the manner appropriate to each.

FRANCHISEE

CONFIDANT

By: _____

By: _____

Its: _____

Its: _____

Appendix H

Personal Guaranty

In consideration of the execution of the Franchise Agreement (the “Agreement”) between ATHELTIC REPUBLIC, INC. (“we” or “us”) and _____ (the “Franchisee”), dated _____, 202__ and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Franchisee, including the dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree(s) to be personally bound by each and every condition and term contained in the Agreement and agree that this Personal Guaranty will be construed as though the undersigned assumed all the Franchisee’s obligations under the Agreement.

The undersigned waive (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; (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; and (4) notice of any changes permitted by the terms of the Agreement or agreed to by the Franchisee.

In addition, the undersigned consent and agree 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 the Franchisee’s insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned; and (3) this Personal Guaranty shall apply in all modifications to the Agreement including but not limited to, Amendments, Addendums and Promissory Notes of any nature agreed to by Franchisee with or without the undersigned receiving notice thereof.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of our successors and assigns.

PERSONAL GUARANTORS:

Individually		

Print Name		

Address		
_____	_____	_____
City	State	Zip Code

Telephone		

Individually		

Print Name		

Address		
_____	_____	_____
City	State	Zip Code

Telephone		

Appendix I

Electronic Transfer of Funds Authorization

Franchisee: _____

Training Center: _____

Date: _____

Attention: Bookkeeping Department

The undersigned authorizes Athletic Republic, Inc. d/b/a/ Athletic Republic® (“Franchisor”) to initiate ACH debit entries each Tuesday, or the day following any Tuesday that is a holiday, against the account of the undersigned for payment of amounts for Royalties, Marketing Fees, or other amounts that become payable by the undersigned to Franchisor and on the 5th day of each month for the Royalty Balance due from the accounting of prior month and for BOS Fees. The dollar amount to be debited per payment will vary. Subject to the provisions of this letter of authorization, you are directed to honor any such ACH debit entry initiated by Franchisor.

This authorization is binding and cannot be revoked until (i) the undersigned has notified Franchisor in writing, (ii) the undersigned has set up a different electronic transfer of funds authorization under the same terms and conditions of this one, and (iii) the Franchisor provides its written consent to the revocation. 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.

Sincerely yours,

*** We also need a VOIDED Check ***

Bank Name

Branch

Street Address

City State Zip Code

Bank Telephone Number

Bank’s Account Number

Customer’s Account Number

Account Name

Street Address

City State Zip Code

Telephone Number

By _____

Its _____

Date _____

Appendix J

Franchise Stipulations for Lease

Franchise Stipulations: Per the requirements of Tenant's Franchise Agreement with Athletic Republic, Inc. ("Franchisor"), the follow provisions are made a part of this Lease:

1. Landlord acknowledges and agrees that Franchisor shall be afforded the rights to repurchase as set forth in Sections 12.B and 14.B of Tenant's Franchise Agreement with Franchisor and agrees that such rights will have priority over any right Landlord may have on such equipment and accessories. Sections 12.B and 14.B of Tenant's Franchise Agreement read as follows (with "you" referring to the Tenant and "we" or "us" referring to the Franchisor):

12B. Right of First Refusal. You will not directly or indirectly sell, assign, trade, transfer, lease, sublease, or otherwise dispose of any interest in or any part of the equipment that we sell to you under the Equipment Purchase Agreement, or that is leased to you by a third party, and any other equipment and any accessories that you subsequently acquire from us or that are required by us without first offering the same to us in writing at a price equal to the higher of (i) the net book value of the Fitness Equipment depreciated to the maximum extent permitted by applicable law or (ii) the amount offered to you by the approved third party, which holds a current operating agreement in good-standing with us. Upon our receipt of written notice specifying the proposed price and terms of the proposed sale or transfer, we will give you written notice within 60 business days after we receive the notice, which will either waive our right of first refusal to purchase or will state an interest in negotiating the purchase according to the proposed terms. If you and we begin negotiations pursuant to this Section 12.B, you may not sell to a third party for at least 90 days or until we and you agree in writing that the negotiations have terminated, whichever occurs last. If we waive our right to purchase, you will have the right to complete the sale or transfer of the Fitness Equipment according to the terms set forth in the written notice to us, but not upon more favorable terms to the proposed buyer. If you desire to sell, transfer or assign any of the Fitness Equipment to any proposed buyer upon terms more favorable than those which you have offered to us, you may not do so without first offering the Fitness Equipment to us upon the more favorable terms in accordance with the provisions of this Section 12.B. Any such sale, transfer or assignment to a third party must hold a current franchise or license agreement with us is expressly subject to the provisions set forth in this Section 12 and any lease agreement you may have executed. Your obligations under this Agreement will not be affected or changed because of our non-acceptance of your written offer.

B. Purchase Option. Upon the expiration or termination of this Agreement we shall have the right to purchase or designate a third party that will purchase all or any portion of the equipment purchased by you in the Equipment Purchase Agreement and any other equipment and any accessories that you subsequently purchase from us or that are required by us. We will have 60 days from the date of termination or expiration to notify you of our decision to exercise our rights under this Section 14.B. In the event of termination, the purchase price for the assets we decide to purchase shall be equal to the lesser of the Net Depreciated Book Value determined in accordance with Generally Accepted Accounting Principles in the United States or 35% of the purchase price paid by you for such asset. In the event of expiration, the purchase price for the assets we or our designated party decide to purchase shall be equal to the greater of the Net Depreciated Book Value determined in accordance with Generally Accepted Accounting Principles in the United States or (i) 10% of the purchase price paid

by you for such assets if the expiration occurs at the end of the initial term or (ii) 5% of the purchase price paid by you for such assets if the expiration occurs at the end of a renewal term.

You will be responsible for all travel expenses, equipment packaging and palletizing, per our instructions, removal and freight charges (including the specialized tools required for disassembly) equipment purchased or recovered from your Franchised Business. We will deduct the total amount of the expenses we incur from the purchase price we must pay you if we exercise our purchase option.

Upon the expiration or termination of this Agreement, your rights to all software covered by the BOS Fee will terminate, along with the license to use the 3PQ software, the AR Vision software, and there will be no re-purchase value assigned to the software used in the Business Operating Systems, the Business Acceleration Program, any of the balance, slam or medicine balls, free weights, the 3PQ software and computer, Ground-Based training equipment, Recovery and Health equipment, the video analysis software, Treadmill Platforms, Backpedal Mirror, PlyoBoxes, PlyoFoams, branded Wall Spines and Storage Racks, the overhead safety rail and hockey treadmill lanyards, or the AR Vision system all of which must be returned to us.

Your lease agreement for the Franchised Location and the documents executed between you and any person or entity providing you financing to purchase, lease, or otherwise acquire rights to the equipment and accessories used in the operation of the Franchised Business must include a provision stating that your landlord and the person or entity providing you such financing acknowledge our rights to repurchase provided under Sections 12.B and 14.B and agree that such rights will have priority over any right they may have on such equipment and accessories, as provided as the Franchise Lease Stipulation in Appendix J. You must provide us copies of the draft of your lease and the documents to be executed between you and any person or entity providing you the financing including such provision. You may not execute such documents before we provide our written approval to the provision referenced in this paragraph. If you fail to comply with your obligations under this paragraph and as a result of your omission our rights under Sections 12.B or 14.B are affected, you agree to pay us \$75,000 as fair and reasonable liquidated damages (but not as a penalty). You agree that this amount is for the damages that we will suffer for our inability to exercise our rights to repurchase the equipment and accessories used in the operation of the Franchised Business and that it would be difficult to calculate with certainty the amount of damage that we will incur. You shall grant us a right to a security interest in the equipment we provide you to ensure payment of Royalty fees, Marketing Fees and other obligations through the Term of the Agreement and you hereby authorize us to file a UCC§1 with the Department of Commerce or other such government entity in the state where the Franchise Business is located. Notwithstanding the foregoing, if a court determines that this liquidated damages payment is unenforceable, then we may pursue all other available remedies, including consequential damages.

2. In the event of default by Tenant under the Lease, and so long as the Franchise Agreement (or any replacement or restatement thereof) remains in effect, Landlord shall give Franchisor written notice of such default, and Franchisor shall have the right (but not the duty) to assume the Lease and to take possession of the Premises, so long as Franchisor cures the default; such cure must occur within the applicable time for cure stated in the Lease, but in no event will Franchisor have less than 10 days to effect such cure. For purposes of this notice, Franchisor's address is:

Athletic Republic, Inc.
Attn: CEO
3126 Quarry Road, Suite F
Park City, UT 84098

Appendix K
State Specific Addendum

ATHLETIC REPUBLIC, INC.
ADDENDUM TO CALIFORNIA
FRANCHISE AGREEMENT

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal.
2. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).
3. The Franchise Agreement contains covenants not to compete which extend beyond the termination of the agreement. These provisions may not be enforceable under California law.
4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.
5. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending of a franchise. If the Franchise Agreement contains provisions that are inconsistent with the law, the law will control or expelling such persons from membership in such association or exchange.
6. The franchise agreement requires binding arbitration. The arbitration will occur in Utah.
7. 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.
8. The Franchise Agreement requires application of the laws of Utah. This provision may not be enforceable under California law.
9. The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of the Initial Franchise Fee from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the Development and Initial Franchise Fee attributable to a specific unit in your development schedule is deferred until that unit is open.
10. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

ATHLETIC REPUBLIC, INC.
ADDENDUM TO ILLINOIS
FRANCHISE AGREEMENT

This Addendum pertains solely to franchises sold in the State of Illinois and is for the purpose of complying with Illinois statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

1. Section 4.A is amended by adding the following at the end of such Section:

Payment of Initial Franchise and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

2. Section 16.E of the Agreement is hereby amended to include the following:

Nothing in this Section 16.E, however, may be construed to mean that you may not rely on the disclosure document that we provided to you in connection with the offer and purchase of your Franchised Business. Although the statements in the disclosure document do not become part of the Franchise Agreement, nothing in the disclosure document may contradict or be inconsistent with the contract terms.

6. The first sentence of Section 15.D is hereby deleted in its entirety, and the following substituted in lieu thereof:

Subject to Section 15.B, 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 Illinois federal or state court for the Protected Territory in which you are located.

4. Illinois law, 815 ILCS 705/41, provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void. Therefore, any condition, stipulation, or provision in the Franchise Agreement purporting to bind Illinois franchisees to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.

5. Section 15.A is amended to provide that Illinois law will govern the Agreement.

6. Illinois law governs the Franchise Agreement.

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 of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

7. **No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the**

right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

8. Except as amended herein, the Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

ATHLETIC REPUBLIC, INC. _____

_____ **FRANCHISEE**

By _____
Its _____

By _____
Its _____

ATHLETIC REPUBLIC, INC.
ADDENDUM TO MARYLAND
FRANCHISE AGREEMENT

This Addendum pertains solely to franchises sold in the State of Maryland and is for the purpose of complying with Maryland statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

1. Sections 3, 12.A, and 15.E of the Franchise Agreement are amended to provide that pursuant to Maryland law, any general release required of the developer as a condition of renewal, sale, assignment and/or transfer shall not apply to any release from liability under the Maryland Franchise Registration and Disclosure Law. The sections of this Agreement which contradict this Code provision are amended accordingly.
2. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, the Initial Franchise Fee owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.
3. Section 16.C is amended to provide that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the date of the Franchise Agreement.
4. Section 16.D of the Franchise Agreement is amended to provide that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
5. Section 16.F of the Franchise Agreement, "ACKNOWLEDGMENTS," is hereby deleted in its entirety.
6. Any representations that require the waiver of the occurrence and/or acknowledgment of the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law are not intended to, nor shall they act as, a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
7. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Amendment. In all other respects, the Franchise Agreement will be construed and enforced in accordance with its terms.
8. Appendix E, Form of Release is amended to provide that it shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

~~9. Paragraph D in the Background of the Franchise Agreement and the following sentence found in Section 16.E of the Franchise Agreement are hereby deleted: "You acknowledge that you have not received any warranty or guarantee, express or implied, as to the potential volume, profits, or success of your business."~~

~~11.9. 10. No statement disclaimer, questionnaire, clause, or acknowledgment statement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) be construed or interpreted as waiving any claims under any applicable state franchise law, including claim of fraud in the inducement, or (ii) whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any~~

franchisor, ~~franchise seller, broker~~ or other person acting on behalf of the franchisor, that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

Signatures appear on following page.

FRANCHISEE: _____ ATHLETIC REPUBLIC, INC.
~~FRANCHISEE~~

By _____

By _____

Its _____

Its _____

ATHLETIC REPUBLIC, INC.
ADDENDUM TO MINNESOTA
FRANCHISE AGREEMENT

This Addendum pertains solely 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 to include the following:

1. Section 5.E is hereby amended to provide that we will protect your right to use the Trademarks and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Trademarks when your right to use the Trademarks requires protection under the terms of the Franchise Agreement.
2. Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, prohibit us from requiring litigation to be conducted outside Minnesota. Accordingly, Section 15.D of the Franchise Agreement is amended accordingly.
3. Sections 13.A and 13.B are hereby amended to provide, pursuant to Minn. Stat. 80C.14 subdivisions 3, 4, and 5, except in those certain specific cases stipulated, that we give you 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.
4. Sections 3, 12.A and 15.E of the Franchise Agreement are hereby amended by the addition of the following language at the end of the Sections: "Pursuant to Minn. Rule 2860.4400D, a franchisee may not be required to assent to a general release. The Franchise Agreement is modified accordingly to exclude claims under the Minnesota Franchise Law."
5. Pursuant to Minn. Rule 2860.4400J of the Minnesota Franchise Law, a franchisee may not be required to consent to termination penalties or liquidated damages under Sections 11 or 14.B of the Franchise Agreement.
6. Section 15.E is hereby deleted from the Franchise Agreement, as a waiver of trial by jury is considered unenforceable in the State of Minnesota.
7. Section 16.C is amended to provide that any claims arising under the Minnesota Franchise Law must be brought within three (3) years after the grant of the Franchise Agreement.
9. Section 4 of the Franchise Agreement is amended to defer the payment of the initial franchise fee until all pre-opening obligations of the Franchisor are completed and the franchise is open for business.
10. **No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.**

11. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

ATHLETIC REPUBLIC, INC. _____

_____FRANCHISEE

By _____

By _____

Its _____

Its _____

ATHLETIC REPUBLIC, INC.
ADDENDUM TO NORTH DAKOTA
FRANCHISE AGREEMENT

This Addendum pertains solely to franchises sold in the State of North Dakota and is for the purpose of complying with North Dakota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

1. Section 4.A is amended by adding the following at the end of such Section:

"The Initial Franchise Fee will be deferred until the date we ship your Fitness Equipment."

2. Pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law, a franchisee may not be required to sign a general release as a condition of renewal under Section 3 of the Franchise Agreement.

3. Covenants not to compete such as those mentioned in Section 11 of the Franchise Agreement may be subject to Section 9-08-06 of the North Dakota Century Code and unenforceable in the State of North Dakota if contrary to Section 9-08-06.

4. Pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law, a franchisee may not be required to consent to termination penalties or liquidated damages under Sections 11 and 14.B of the Franchise Agreement.

5. Notwithstanding Section 15.B of the Franchise Agreement, any arbitration proceeding must take place in the city nearest to the Franchised Location in which the American Arbitration Association maintains facilities for arbitration or at such other location as may be mutually agreed upon by the parties.

6. You may not be required to consent that litigation be conducted outside North Dakota; accordingly, Section 15.D of the Franchise Agreement is hereby deleted in its entirety, and the following substituted in lieu thereof:

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 that is not subject to arbitration under Section 15.B must be brought in the Federal District Court or State court for the Franchised Location.

7. Section 15.E is hereby deleted from the Franchise Agreement, as a waiver of trial by jury is considered unfair and inequitable in the State of North Dakota.

8. Section 15.F is hereby deleted from the Franchise Agreement, as a waiver of exemplary and punitive damages is considered unenforceable in the State of North Dakota.

9. **No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding**

of the law and facts as of the time of the franchisee’s investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

10. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

ATHLETIC REPUBLIC, INC. _____

_____ **FRANCHISEE**

By _____

Its _____

By _____

Its _____

ATHLETIC REPUBLIC, INC.
ADDENDUM TO SOUTH DAKOTA
FRANCHISE AGREEMENT

This Addendum pertains solely to franchises sold in the State of South Dakota and is for the purpose of complying with South Dakota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

1. Section 4.A is amended by adding the following at the end of such Section:

“The Initial Franchise Fee will be deferred until the date we ship your Fitness Equipment.”

2. SDCL 53-9-5 voids liquidated damages provisions from contracts unless it would be impractical or extremely difficult to fix actual damages. Accordingly, to the extent a court of competent jurisdiction deems necessary, Sections 11.B and 14.B is hereby amended to comply with South Dakota law.

3. Section 15.D of the Franchise Agreement is amended to provide as follows:

“Any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside of South Dakota or requirement the application of the laws of another state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Investment Act.”

4. Sections 15.E and 15.F of the Franchise Agreement are deleted in their entirety.

5. Section 16.F of the Franchise Agreement is revised to include the following sentence:

“Pursuant to SDCL 37-5B-21, any condition, stipulation, or provision requiring a franchisee to waive compliance with or relieving a person of a duty or liability imposed by or a right provided by the South Dakota Franchise Investment Act or a rule or order under such Act is void.”

6. Contracts in restraint of trade that take effect upon termination or expiration of the franchise agreement are generally unenforceable in the State of South Dakota as set forth in SDCL 53-9-8, 53-9-9, 53-9-10, and 53-9-11.

7. **No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee’s understanding of the law and facts as of the time of the franchisee’s investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.**

8. In all other respects, the Franchise Agreement will be construed and enforced in accordance with its terms.

Signatures appear on following page.

ATHLETIC REPUBLIC, INC.

_____ **FRANCHISEE** _____

By _____

Its _____

By _____

Its _____

By _____

Its _____

ATHLETIC REPUBLIC, INC.
ADDENDUM TO WASHINGTON
FRANCHISE AGREEMENT

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

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

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

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

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

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

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring

any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington. The undersigned does hereby acknowledge receipt of this addendum.

Section 16.F of the Franchise Agreement and Appendix F to the Franchise Agreement are hereby deleted.

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

The undersigned does hereby acknowledge receipt of this addendum.

ATHLETIC REPUBLIC, INC.

FRANCHISEE

By _____

By _____

Its _____

Its _____

ATHLETIC REPUBLIC, INC.
ADDENDUM TO WISCONSIN
FRANCHISE AGREEMENT

This Addendum pertains solely to franchisees in the State of Wisconsin and is for the purpose of complying with Wisconsin statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

1. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, Sections 13.A and 13.B of the Agreement pertaining to is extended as follows:

“We will provide you at least 90 days’ prior written notice of termination, cancellation, or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, or substantial change in competitive circumstances and will provide that you have 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days, the notice will be void. If the reason for termination, cancellation, or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will be entitled to written notice of such default and will have not less than 10 days in which to remedy such default from the date of delivery or posting of such notice.”

2. Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between you and us inconsistent with the Law.

3. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee’s understanding of the law and facts as of the time of the franchisee’s investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

4. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

ATHLETIC REPUBLIC, INC. _____
_____ **FRANCHISEE**

By _____
Its _____

By _____
Its _____

EXHIBIT D
AREA DEVELOPMENT AGREEMENT



ATHLETIC REPUBLIC®
AREA DEVELOPMENT AGREEMENT

BETWEEN

ATHLETIC REPUBLIC, INC.
3126 Quarry Road, Suite F
Park City, Utah 84098

and

Name of Developer

Street Address

City

State

ZIP

Effective Date:

(To be completed by Us)

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APPENDIXES

- A. DEVELOPMENT TERRITORY
- B. DEVELOPMENT SCHEDULE
- C. PERSONAL GUARANTY

THE ATHLETIC REPUBLIC®
AREA DEVELOPMENT AGREEMENT

This Area Development Agreement is executed as of this _____ day of _____, 202__ (the “Effective Date”) between ATHLETIC REPUBLIC, INC., a North Dakota Corporation with its principal business address located at 3126 Quarry Road, Suite F, Park City, Utah 84098 (“we” or “us”), and _____, a(n) _____ whose principal business address is _____ (“developer” or “you”). If the developer is a corporation, partnership, limited liability company or other legal entity, certain provisions in this Agreement also apply to its owners.

RECITALS

A. We have developed a system to operate unique “Training Centers” (as defined in our current Franchise Agreement) under the Athletic Republic® and other trademarks that we now have or may later develop, as we may modify and change from time to time, and the trade dress and other commercial symbols used in the operation of training centers (trade dress includes the designs, color schemes and image we authorize to use in the operation of training centers from time to time) (collectively, the “Trademarks”) and using our system, which consists of different methods, procedures, standards, operating practices, and specifications (all of which we may modify and change from time to time) developed by us to operate unique adult fitness and sports performance ~~sports~~ training centers providing evidence-based sports performance ~~sports~~ training standards, programs and equipment to help athletes of all ages assess their capabilities, maximize their full athletic potential and improve upon the athletic skills defined by speed, power, strength, quickness, agility, proprioceptive awareness, stability, stamina, fitness, tactical fitness, sensory development, recovery and overall athleticism ~~using a evidence-based~~utilizing a training system and proprietary equipment currently under the Athletic Republic® trademark and other related trademarks (the “System”).

B. We currently own the Athletic Republic® trademark and certain other trademarks, trade names, copyrights, service marks, trade dress, logos and commercial symbols used in the operation of the training centers.

C. We grant franchises to qualified candidates for the operation of training centers under the Trademarks and using the System.

D. You have had an adequate opportunity to be thoroughly advised of the provisions of this Agreement, our Franchise Agreement, and our disclosure document and have had sufficient time and opportunity to evaluate and investigate our training centers system and the procedures and financial requirements associated with such system as well as the competitive market in which it operates.

E. You desire to develop and operate several training centers which will conform to our uniform requirements and quality standards as established from time to time by us and we, in reliance on your representations, have approved your application to do so in accordance with this Agreement.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

GRANT OF DEVELOPMENT RIGHTS

1. The following provisions control with respect to the rights granted hereunder:

A. We grant to you, under the terms and conditions of this Agreement, the right to develop and operate _____ () Training Centers within the territory described in Appendix A (the “Development Territory”).

B. You are bound by the development schedule (“Development Schedule”) set forth in Appendix B. Time is of the essence for the development of each Training Center in accordance with the Development Schedule. Each Training Center must be developed and operated pursuant to a separate Franchise Agreement that you enter into with us pursuant to Section 3.B below.

C. If you are in compliance with the Development Schedule set forth in Appendix B, we will not develop, operate or grant anyone else a franchise, license or other rights to develop and operate a Training Center or Training Clinic in the Development Territory, except for the Special Sites defined in Section 1.D or as otherwise set forth in this Agreement, prior to the earlier of (i) the expiration or termination of this Agreement; (ii) the date on which you must execute the Franchise Agreement for your last Training Center pursuant to the terms of the Development Schedule; or (iii) the date on which the Protected Territory for your final Training Center under this Agreement is determined. However, in the event that the Development Territory covers more than one city, county or designated market area, the protection for each particular city, county or designated market area shall expire upon the earliest of (1) any of the foregoing events or (2) the date when the Protected Territory for your final Training Center to be developed in such city, county or designated market area under this Agreement is determined. Notwithstanding anything in this Agreement, upon the earliest occurrence of any of the foregoing events (a) the Development Territory shall expire and (b) we will be entitled to develop and operate, or to franchise others to develop and operate, training centers in the Development Territory, except as may be otherwise provided under any Franchise Agreement that has been executed between us and you and that has not been terminated.

D. The rights granted under this Agreement are limited to the right to develop and operate Training Centers located in the Development Territory. You acknowledge and agree that (i) we and our affiliates have the right outside of the Development Territory to grant other franchises or operate company or affiliate owned training centers and (ii) we and our affiliates have the right to operate training centers or any other business within and outside the Development Territory under trademarks other than the Trademarks, without compensation to any franchisee. Further, you acknowledge that certain locations within the Development Territory are by their nature unique and separate in character from sites generally developed as training centers. As a result, you agree that the following locations (“Special Sites”) are excluded from the Development Territory and we have the right to develop or grant others the right to develop or operate such locations: (a) professional sports teams; (b) college athletic programs; (c) military installations; (d) Olympic training centers; (e) National Team training centers; and (f) sports research centers, provided, however, that any business conducted at any Special Site shall be directly with the professional sports team (or an affiliate of them), with the college, with the governing group of any Olympic or National Governing Body training center, the U.S. military, or for research purposes, as the case may be.

In addition, we and our affiliates have the right to offer, sell and distribute, within or outside the Development Territory, ART software and certain pieces of equipment and accessories that are proprietary to us, including, without limitation, the 3PQ, PowerCords®, ThrowingCords, KickingCords, PlyoCords, HittingCords, SprintCords, StartCords, Hamstring Cords, Warm-up Cords, Hip Cords and wall mounts and all other cords, Balance Discs and Ramps, Recovery programs, Nutritional Supplements and branded apparel that we may offer from time to time, and other pieces of equipment and accessories that we may designate in the future, without compensation to any franchisee, provided that we will offer such products through channels other than training centers.

E. We reserve all rights not expressly granted to you under this Agreement. The rights and privileges granted to you under this Agreement are personal in nature. This Agreement is not a Franchise Agreement and you have no right to use in any manner the Trademarks by virtue of this Agreement. You have no right under this Agreement to sublicense or subfranchise others to operate a business or Training Center or use the System or the Trademarks.

DEVELOPMENT FEE

2. You must pay a Development Fee as described below:
 - A. As consideration for the rights granted in this Agreement, you must pay us a “Development Fee” of \$ _____ upon the execution of this Agreement, which equals the Initial Franchise Fee multiplied by the number of Training Centers you agree to develop under this Agreement. The Development Fee is fully earned by us upon execution of this Agreement and is non-refundable. If you sign an Area Development Agreement you must develop a minimum of two (2) Training Centers. We offer a discount on the Initial Franchise Fee when you purchase more than one Training Center under an Area Development Agreement. Two (2) Training Center franchises may be purchased for \$100,000, three (3) Training Center franchises for \$135,000, and four (4) Training Center Franchises may be purchased for \$165,000. Each additional Training Center franchise, after you have purchased four may be added to an Area Development Agreement for \$30,000 each.
 - B. You must submit a separate application for each Training Center to be established by you within the Development Territory as further described in Section 3. Upon our consent to the site of your Training Center, a separate Franchise Agreement must be executed for each such Training Center. Upon the execution of each Franchise Agreement, the terms and conditions of the Franchise Agreement control the establishment and operation of such Training Center.

DEVELOPMENT SCHEDULE

3. The following provisions control with respect to your development rights and obligations:
 - A. You are bound by and strictly must follow the Development Schedule. By the dates set forth in the Development Schedule, you must enter into Franchise Agreements with us pursuant to this Agreement for the number of Training Centers described under the Development Schedule. You also must comply with the Development Schedule requirements regarding the opening date for each Training Center and the cumulative number of Training Centers to be open and continuously operating for business in the Development Territory. If you fail to either execute a Franchise Agreement or to open a Training Center according to the dates set forth in the Development Schedule, we may immediately terminate this Agreement pursuant to Section 6.B. You may open all or any of the Training Centers ahead of schedule if you comply with the conditions set forth in this Agreement for opening each of the Training Centers.
 - B. You may not develop a Training Center unless the following conditions have been met (these conditions apply to each Training Center to be developed in the Development Territory):
 1. You must not be in default of this Agreement, any Franchise Agreement entered into pursuant to this Agreement or any other agreement between you or any of your affiliates and us or any of our affiliates. You also must have satisfied, on a timely basis, all monetary and material obligation under the Franchise Agreements for all existing Training Centers.
 2. You and we must enter into our then-current form of Franchise Agreement for the proposed Training Center. You understand that we may modify the then-current form of Franchise Agreement from time to time and that it may be different than the current form of Franchise Agreement, including different fees and obligations. You understand and agree that any and all Franchise Agreements will be construed and exist independently of this Agreement. Except as specifically set forth in this Agreement, the establishment and operation of each Training Center must be in accordance with the terms of the applicable Franchise Agreement.
 - C. You must begin substantial construction of each of the Training Centers at least 90 days before the deadline to open the Training Center.

D. You acknowledge that you have conducted an independent investigation of the prospects for the establishment of Training Centers within the Development Territory and recognize that the business venture contemplated by this Agreement involves business and economic risks and that your financial and business success will be primarily dependent upon the personal efforts of you and your management and employees.

E. You recognize and acknowledge that this Agreement requires you to open Training Centers in the future pursuant to the Development Schedule. You further acknowledge that the estimated expenses and investment requirements set forth in our franchise disclosure document are subject to increase over time, and that future Training Centers likely will involve greater initial investment and operating capital requirements than those stated in the franchise disclosure document provided to you prior to the execution of this Agreement. You are obligated to execute all the Franchise Agreements and open all the Training Centers on the dates set forth on the Development Schedule, regardless of (i) the requirement of a greater investment; (ii) the financial condition or performance of your prior Training Centers; or (iii) any other circumstances, financial or otherwise. The foregoing shall not be interpreted as imposing any obligation upon us to execute the Franchise Agreements under this Agreement if you have not complied with all conditions necessary to develop the Training Centers.

TERM

4. Unless sooner terminated in accordance with Section 6 of this Agreement and subject to the terms detailed in Section 1.C, the term of this Agreement and all rights granted to you will expire on the date that your last Training Center is scheduled to be opened under the Development Schedule.

YOUR DUTIES

5. You must perform the following obligations:

A. You must comply with all of the terms and conditions of each Franchise Agreement, including the operating requirements specified in each Franchise Agreement.

B. You and your owners, officers, directors, Managers and Head Trainers acknowledge that your entire knowledge of the operation of a Training Center and the System, including the knowledge or know-how regarding the specifications, standards and operating procedures of the services and activities, is derived from information we disclose to you and that certain information is proprietary, confidential and constitutes our trade secrets. The term "trade secrets" refers to the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding the business that is valuable and secret in the sense that it is not generally known to our competitors and any proprietary information contained in the manuals 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 Training Centers. We have invested substantial time and resources into developing our trade secrets and we intend to fully enforce our rights with respect to such trade secrets, and you expressly agree that anything we designate as a trade secret will be considered as such under the Defend Trade Secrets Act and any other applicable state or federal laws protecting trade secrets. You and your owners, officers, directors and managers, jointly and severally, agree that at all times during and after the term of this Agreement, you will maintain the absolute confidentiality of all such proprietary information and will not disclose, copy, reproduce, sell or use any such information in any other business or in any manner not specifically authorized or approved in advance in writing by us, provided that you may grant access to such information only to those officers, employees, agents, financing sources, attorneys and representatives of you to whom it is strictly necessary to disclose this information in furtherance of the business contemplated in this Agreement, but you will not disclose such information unless and until the recipient of the information has agreed to maintain the confidentiality of the information and not wrongfully use it. We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory

to us from the individuals identified in the first sentence of this paragraph, other key employees, and other parties to whom information may be provided.

C. You must comply with all requirements of federal, state, and local laws, rules and regulations.

DEFAULT AND TERMINATION

6. The following provisions apply with respect to default and termination:

A. The rights and territorial protection granted to you in this Agreement have been granted in reliance on your representations and warranties, and strictly on the conditions set forth in Sections 1, 3 and 5 of this Agreement, including the condition that you comply strictly with the Development Schedule.

B. You will be deemed in default under this Agreement if you breach any of the terms of this Agreement, including the failure to meet the Development Schedule, or the terms of any Franchise Agreement or any other agreements between you or your affiliates and us or our affiliates. All rights granted in this Agreement immediately terminate upon written notice without opportunity to cure if: (i) you become insolvent, commit any affirmative action of insolvency or file any action or petition of insolvency; (ii) a receiver (permanent or temporary) of your property is appointed by a court of competent authority; (iii) you make a general assignment or other similar arrangement for the benefit of your creditors; (iv) a final judgment remains unsatisfied of record for 30 days or longer (unless supersedes bond is filed); (v) execution is levied against your business or property; (vi) suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within 30 days, or is not in the process of being dismissed; (vii) conviction of you, any of your owners or guarantors of (or pleading no contest to) any felony regardless of the nature of the charges, or any misdemeanor that brings or tends to bring any of the Trademarks into disrepute or impairs or tends to impair your reputation or the goodwill of the Trademarks or the Franchised Business; (viii) you fail to meet the development obligations set forth in the Development Schedule attached as Appendix B; ~~(viii)~~ you fail to comply with any other provision of this Agreement and do not correct the failure within 30 days after written notice of that failure is delivered to you; or ~~(ix)~~ we have delivered to you or to your affiliates a notice of termination of a Franchise Agreement in accordance with its terms and conditions.

RIGHTS AND DUTIES OF PARTIES UPON TERMINATION OR EXPIRATION

7. Upon termination or expiration of this Agreement, all rights granted to you will automatically terminate, and:

A. All remaining rights granted to you to develop Training Centers under this Agreement will automatically be revoked and will be null and void. You will not be entitled to any refund of any fees. You will have no right to develop or operate any business for which a Franchise Agreement has not been executed by us. We will be entitled to develop and operate, or to franchise others to develop and operate, training centers in the Development Territory, except as may be otherwise provided under any Franchise Agreement that has been executed between us and you and that has not been terminated.

B. After the termination of this Agreement you must not, directly or indirectly, represent to the public or hold yourself out as a present or former developer of ours.

C. You must take such action as may be necessary to cancel or assign to us or our designee, at our option, any assumed name or equivalent registration that contains any Trademark or words related to the Trademarks, and you must furnish us with evidence satisfactory to us of compliance with this obligation within 30 days after termination or expiration of this Agreement.

D. You must within 30 days of the termination or expiration pay all sums owing to us and our affiliates, including the balance of the Initial Franchise Fees that we would have received had you developed all of the Training Centers set forth in the Development Schedule. In addition to the Initial Franchise Fees for undeveloped Training Centers, you agree to pay as fair and reasonable liquidated damages (but not as a penalty) an amount equal to \$25,000 for each undeveloped Training Center. You agree that this amount is for lost revenues from Royalties and other amounts payable to us, including the fact that you were holding the development rights for those Training Centers and precluding the development of certain Training Centers in the Development Territory, and that it would be difficult to calculate with certainty the amount of damage we will incur. Notwithstanding your agreement, if a court determines that these liquidated damages ~~payment is~~payments are unenforceable, then we may pursue all other available remedies, including consequential damages. All unpaid amounts will bear interest at the rate of 18% per year or the maximum rate permitted by applicable law, whichever is lower, from and after the date of accrual. In the event of termination for any default by you, the sums due will include all damages, costs, and expenses, including reasonable attorneys' fees and expenses, incurred by us as a result of the default. You also must pay to us all damages, costs and expenses, including reasonable attorneys' fees and expenses that we incur subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

E. If this Agreement is terminated solely for your failure to meet the Development Schedule and for no other reason, and you have opened at least 50% of the total number of Training Centers provided for in the Development Schedule, you may continue to operate those existing Training Centers under the terms of the separate Franchise Agreement for each Training Center.

If this Agreement is terminated under any other circumstances, we have the option, in our sole discretion, to terminate this Agreement and all Franchise Agreements and any other agreements between you or your affiliates and us, or to modify the Protected Territories under the Franchise Agreements that are not terminated. In addition, we will have the right, exercisable in our sole discretion, to purchase from you all or part of the assets used in the Training Centers that have been developed prior to the termination of this Agreement. Assets include leasehold improvements, equipment, furniture, fixtures, signs, and inventory for the Training Centers. We have the unrestricted right to assign this option to purchase. We or our assignee will be entitled to all customary warranties and representations given by the seller of a business including, without limitation, representations, and warranties as to (i) ownership, condition and title to assets; (ii) liens and encumbrances relating to the assets; and (iii) validity of contracts and liabilities, inuring to us or affecting the assets, contingent or otherwise. The purchase price for the assets of the Training Centers will be determined in accordance with the post-termination purchase option provision in the individual Franchise Agreement for each Training Center. The purchase price must be paid in cash at the closing of the purchase, which must take place no later than 90 days after your receipt of notice of exercise of this option to purchase, at which time you must deliver instruments transferring to us or our assignee good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us or our assignee), with all sales and other transfer taxes paid by you. If you cannot deliver clear title to all of the purchased assets, or in the event there are other unresolved issues, the closing of the sale will be accomplished through an escrow. We have the right to set off against and reduce the purchase price by any and all amounts owed by you to us, and the amount of any encumbrances or liens against the assets or any obligations assumed by us. You and each holder of an interest in you must indemnify us and our affiliates against all liabilities not so assumed. You must maintain in force all insurance policies required pursuant to the applicable Franchise Agreement until the closing on the sale.

F. All of our and your obligations that expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied or by their nature expire.

TRANSFER

8. The following provisions govern any transfer:
- A. We have the right to transfer all or any part of our rights or obligations under this Agreement to any person or legal entity.
- B. This Agreement is entered into by us with specific reliance upon your personal experience, skills and managerial and financial qualifications. Consequently, this Agreement, and your rights and obligations under it, are and will remain personal to you. You may only Transfer your rights and interests under this Agreement if you obtain our prior written consent and you transfer all of your rights and interests under all Franchise Agreements for Training Centers in the Development Territory. Accordingly, the assignment terms and conditions of the Franchise Agreements shall apply to any Transfer of your rights and interests under this Agreement. As used in this Agreement, the term “Transfer” means any sale, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets, or of any interest in you.

DISPUTE RESOLUTION

9. The following provisions apply with respect to dispute resolution:
- A. 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 9.B of this Agreement, the parties’ rights under this Agreement, and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the State of Utah. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state in which your first Training Center will be located.
- B. Arbitration; Mediation. Except as qualified below, any dispute between you, your affiliates, owners, guarantors or assignees and us or our affiliates, arising under, out of, in connection with or in relation to this Agreement must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association. The arbitration must take place in Salt Lake City, Utah. The decision of the arbitrators will be final and binding on all parties to the dispute, provided, however, that the arbitrators may not under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; or (iii) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. A judgment may be entered upon the arbitration award by any state or federal court in Utah or the state where your principal business address is located.

Before the filing of any arbitration, the parties agree to mediate any dispute that does not include injunctive relief or specific performance actions covered under Section 9.C, provided that the party seeking mediation must notify the other party of its intent to mediate prior to the termination of this Agreement. The mediation must take place in Salt Lake City, Utah. Mediation will be conducted by a mediator or mediation program agreed to by the parties. Each party will bear their own costs and will split the cost of the mediator. Persons authorized to settle the dispute must attend all mediation sessions. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within 30 days of the notice from the party seeking to initiate the mediation procedures. If not resolved within 30

days, the parties are free to pursue arbitration. Mediation is a compromise negotiation for purposes of the federal and state rules of evidence and the entire process is confidential.

C. Injunctive Relief; Exemptions to Arbitration. You recognize that your failure to fulfill your obligations provided under this Agreement may cause irreparable damages to us or other franchisees. Therefore, notwithstanding Section 9.B above, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will be entitled to an injunction restraining such breach, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that the parties might otherwise have by virtue of any breach of this Agreement by the other party. Furthermore, we have the right to begin a civil action against you or take other appropriate action to collect sums of money due to us.

D. Venue. 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 that is not subject to arbitration under Section 9.B must be brought in the Federal District Court for the District of Utah or in the State courts located in Salt Lake City, Utah. Both parties hereto irrevocably submit themselves to, and consent to, the exclusive 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 of such purposes and needs, agree to be bound in the manner stated in this Section.

E. Jury Waiver. All parties irrevocably waive jury trial in any action or proceeding whether at law or in equity.

F. Waiver of Punitive Damages. You, your owners and guarantors and your affiliates and us and our affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained.

G. Attorneys' Fees. If you are in breach of any monetary or non-monetary material obligation under this Agreement or any related agreement between you and us and/or our affiliates, and we engage an attorney to enforce our rights (whether or not formal judicial proceedings are initiated), you must pay all of our reasonable attorneys' fees, court costs and litigation expenses we incur. If you institute any legal action to interpret or enforce the terms of this Agreement, and your claim in such action is denied or the action is dismissed, we are entitled to recover our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

MISCELLANEOUS

10. The parties agree to the following provisions:

A. Interpretation of Rights and Obligations. 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. 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. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment even if other reasonable or even arguably preferable alternatives are available, if our decision or action 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.

B. Claims. ~~You (and your respective officers, directors, owners and guarantors) may not assert any claim or cause of action against us or our affiliates relating to this Agreement after the shorter period of the applicable statute of limitations or one year following the expiration or termination of this Agreement; provided that where the one year limitation of time is prohibited or invalid by or under any applicable law, in that event no suit or action may be commenced or maintained unless commenced within the applicable statute of limitations.~~ You (and your officers, directors, owners and guarantors) expressly agree that no claim or cause of action may be filed or maintained against us and/or any of our present and former owners, officers, directors, employees, representatives, affiliates, parent companies, subsidiaries, predecessor, successors and assigns (each a “Franchisor Related Party”) arising out of or relating to this Agreement, the relationship established by this Agreement, the offer and sale of the franchise opportunity, the Equipment, and/or the operation of the Franchised Business unless such claim or cause of action is filed before the expiration of the “Limitations Period”. For purposes of this paragraph, the term “Limitations Period” means: one (1) year from the earlier of: (a) the date of the act, transaction or occurrence giving rise to the claim against us or a Franchisor Related Party; or (b) the date on which you (your officers, directors, owners and/or guarantors) knew or reasonably should have known of the facts or circumstances giving rise to the claim against us or a Franchisor Related Party. Notwithstanding the foregoing, if the Limitations Period is unenforceable under Utah law (or, in the event a court or an arbitrator determines a different state’s law applies, then under that state’s law), then the Limitations Period shall be equal to the shortest time period for a limitation of claims provision that is enforceable under the applicable law.

This contractual limitation of claims provision applies to all claims, whether based on contract, tort, statute, or any other legal theory. You acknowledge that this limitation of claims provision and the Limitations Period is a material inducement for us to enter into this Agreement and that it is intended to provide certainty and finality to potential disputes. To the fullest extent permitted by law, you hereby waive any longer statutory limitation period and agree that the foregoing limitation is reasonable and enforceable.

C. Severability. Should one or more clauses of this Agreement be held void or unenforceable for any reason by any 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.

D. Integration/Waiver. The preambles are a part of this Agreement. The headings of the Sections hereof are for convenience only and do not define, limit or construe the contents of such Sections. This Agreement, together with its Appendixes constitute the entire agreement between the parties with respect to the subject matter of this Agreement and embody and supersede all prior agreements and negotiations with respect to this subject matter. There are no representations or warranties of any kind, express or implied, except as contained in this Agreement. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. 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. 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 standards and as otherwise provided 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.

E. Notices. Except as otherwise provided in this Agreement, any notice required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given (i) when received if delivered by hand; (ii) one business day after placement with a reputable national overnight carrier; or (iii) 3 business days after deposit if placed in the mail for delivery by airmail, postage pre-paid, and addressed

to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notice to us: Athletic Republic, Inc.
3126 Quarry Road, Suite F
Park City, Utah 84098
Attention: CEO

Copy to: Fisher Zucker, LLC
Lane Fisher, Esq.
21 South 21st Street
Philadelphia, PA 19103

Notice to you: _____

F. Relationship of the Parties. You and we are 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.

G. Guarantee. All individuals or entities who, now or in the future, directly or indirectly, own a 20% or greater interest in the developer when the developer is a corporation, limited liability company, partnership, or a similar entity must execute the form of personal guaranty attached to this Agreement as Appendix C. In addition, if we are entering into this Agreement totally or partially based on the financial qualifications, experience, skills or managerial qualifications of any person or entity who directly or indirectly owns less than a 20% interest in the developer, that person or entity must also execute the form of personal guaranty. Furthermore, any individual or entity that at any time after the date of this Agreement, directly or indirectly acquires a 20% or greater interest in the developer must execute the form of personal guaranty within 10 days from the date such person or entity acquires the 20% or greater interest in the developer. Before approving and entering into any transaction that would make any person or entity the owner of a 20% or greater interest in the developer, you must notify such person or entity of the content of this Section.

H. Force Majeure. In the event of any failure of performance of this Agreement according to its terms by any party due to force majeure will not be deemed a breach of this Agreement. For purposes of this Agreement, “force majeure” shall mean acts of God, State or governmental action, riots, disturbance, war, strikes, lockouts, prolonged shortage of energy supplies or any raw material, pandemics, epidemics, fire, flood, hurricane, typhoon, earthquake, lightning and explosion or other similar event or condition, not existing as of the date of signature of this Agreement, not reasonably foreseeable as of such date and not reasonably within the control of any party hereto, which prevents in whole or in material part the performance by one of the parties hereto of its obligations hereunder.

I. Indemnity. You agree to indemnify, defend, and hold us, our affiliates and our officers, directors, shareholders and employees harmless from and against any and all claims, losses, damages and liabilities, however caused, arising directly or indirectly from, as a result of, or in connection with, the development, use and operation of your Training Centers, as well as the costs, including attorneys’ fees, of defending against them (“Franchise Claims”). Franchise Claims include, but are not limited to, those arising from any death, personal injury or property damage (whether caused wholly or in part through our or our affiliates active or passive negligence), latent or other defects in any Training Center, or your employment practices. In the event a Franchise Claim is made against us or our affiliates, we reserve the right in our sole judgment to select our own legal counsel to represent our interests, at your cost.

IN WITNESS WHEREOF, the parties have executed the foregoing Agreement as of the dates written below.

FRANCHISOR

DEVELOPER

ATHLETIC REPUBLIC, INC.

By _____
Its _____

By _____
Its _____

Appendix A to the Area Development Agreement

Description of the Development Territory

FRANCHISOR

DEVELOPER

ATHLETIC REPUBLIC, INC.

By _____
Its _____

By _____
Its _____

Appendix B to the Area Development Agreement

Development Schedule

You acknowledge and agree that a material provision of the Area Development Agreement is that the following number of Training Centers must be opened and continuously operating in the Development Territory in accordance with the following Development Schedule:

Training Center Number (and total Training Centers Operating)	Date by Which Franchise Agreement Must be Signed	Date by Which the Training Center Must be Open and Continuously Operating
1	Date of this Agreement	
2		
3		

For purposes of determining compliance with the above Development Schedule, only the Training Centers actually open under this Agreement and continuously operating for business in the Development Territory as of a given date will be counted toward the number of Training Centers required to be open and continuously operating for business.

FRANCHISOR

DEVELOPER

ATHLETIC REPUBLIC, INC.

By _____
Its _____

By _____
Its _____

Appendix C to the Area Development Agreement

Personal Guaranty

In consideration of the execution of the Area Development Agreement (the “Agreement”) between ATHLETIC REPUBLIC, INC. (“we” or “us”) and _____ (the “Developer”), dated _____, 202__ and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Developer, including the dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement and agree that this Personal Guaranty will be construed as though the undersigned assumed all of the Developer’s obligations under the Agreement.

The undersigned waive (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; (3) any right he/she may have to require that an action be brought against the Developer or any other person as a condition of liability; and (4) notice of any changes permitted by the terms of the Agreement or agreed to by the Developer.

In addition, the undersigned consent and agree that: (1) the undersigned’s liability will not be contingent or conditioned upon our pursuit of any remedies against the Developer or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the Developer’s insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned; and (3) this Personal Guaranty shall apply in all modifications to the Agreement of any nature agreed to by Developer with or without the undersigned receiving notice thereof.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of our successors and assigns.

PERSONAL GUARANTORS:

Individually		
Print Name		
Address		
City	State	Zip Code
Telephone		

Individually		
Print Name		
Address		
City	State	Zip Code
Telephone		

ATHLETIC REPUBLIC, INC.
ADDENDUM TO CALIFORNIA
AREA DEVELOPMENT AGREEMENT

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.

FRANCHISEE: _____ ATHLETIC REPUBLIC, INC.
_____ FRANCHISEE _____

By _____

By _____

Its _____

Its _____

ATHLETIC REPUBLIC, INC.
ADDENDUM TO ILLINOIS
AREA DEVELOPMENT AGREEMENT

Illinois law governs the Franchise Agreement.

Payment of Initial Franchise and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

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.

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.

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

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

FRANCHISEE: _____ ATHLETIC REPUBLIC, INC.

FRANCHISEE

By _____

By _____

Its _____

Its _____

ATHLETIC REPUBLIC, INC.
ADDENDUM TO MARYLAND
AREA DEVELOPMENT AGREEMENT

This Addendum pertains solely to franchises sold in the State of Maryland and is for the purpose of complying with Maryland statutes and regulations. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following:

1. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, the Initial Franchise and, if applicable, Development Fees owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.
2. Section 10.B is amended to provide that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the date of the Franchise Agreement.
3. Section 9.D of the Franchise Agreement is amended to provide that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
5. Any representations that require the waiver of the occurrence and/or acknowledgment of the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law are not intended to, nor shall they act as, a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
6. In all other respects, the Area Development Agreement will be construed and enforced in accordance with its terms.

~~7. Recital D to the Area Development Agreement and the following sentence found in Section 10.D of the Area Development Agreement are hereby deleted: "You acknowledge that you have not received any warranty or guarantee, express or implied, as to the potential volume, profits, or success of your business."~~

~~8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.~~

FRANCHISEE: _____ ATHLETIC REPUBLIC, INC.

~~FRANCHISEE~~

By _____

By _____

Its _____

Its _____

ATHLETIC REPUBLIC, INC.
ADDENDUM TO AREA DEVELOPMENT AGREEMENT FOR THE
STATE OF MINNESOTA

This Addendum pertains solely 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 Area Development Agreement to the contrary, the Agreement is amended to include the following:

1. Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, prohibit us from requiring litigation to be conducted outside Minnesota. Accordingly, Section 9.D of the Area Development Agreement is amended accordingly.
2. Section 6.B is hereby amended to provide, pursuant to Minn. Stat. 80C.14 subdivisions 3, 4, and 5, except in those certain specific cases stipulated, that we give you 90 days' notice of termination (with 60 days to cure) of the Area Development Agreement.
3. Pursuant to Minn. Rule 2860.4400J of the Minnesota Franchise Law, a franchisee may not be required to consent to termination penalties or liquidated damages under Section 7.D of the Area Development Agreement.
4. Section 9.E is hereby deleted from the Area Development Agreement, as a waiver of trial by jury is considered unenforceable in the State of Minnesota.
5. Section 10.B is amended to provide that any claims arising under the Minnesota Franchise Law must be brought within three (3) years after the grant of the Area Development Agreement.
6. We will not require or accept the payment of development fee until the first business to be developed under the development agreement is opened.
7. **No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.**
8. In all other respects, the Area Development Agreement will be construed and enforced in accordance with its terms.

ATHLETIC REPUBLIC, INC. _____ **FRANCHISEE** _____

By _____ By _____

Its _____ Its _____

ATHLETIC REPUBLIC, INC.
ADDENDUM TO AREA DEVELOPMENT AGREEMENT FOR THE
STATE OF NORTH DAKOTA

This Addendum pertains solely to franchises sold in the State of North Dakota and is for the purpose of complying with North Dakota statutes and regulations. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following:

1. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to consent to termination or liquidated damages. Therefore, the requirement that the franchisee consent to termination or liquidated damages is deleted from Section 7.D. and from any other place it appears in our disclosure document.

2. Notwithstanding Section 9.B of the Area Development Agreement, any arbitration proceeding must take place in the city nearest to the Authorized Location for the first Training Center opened under the Area Development Agreement in which the American Arbitration Association maintains facilities for arbitration or at such other location as may be mutually agreed upon by the parties.

3. You may not be required to consent that litigation be conducted outside North Dakota; accordingly, Section 9.D of the Area Development Agreement is hereby deleted in its entirety, and the following substituted in lieu thereof:

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 that is not subject to arbitration under Section 9.B must be brought in the Federal District Court or State court for the Authorized Location for the first Athletic Republic® franchise opened under the Area Development Agreement.

~~12.10.~~ Section 9.E is hereby deleted from the Area Development Agreement, as a waiver of trial by jury is considered unfair and inequitable in the State of North Dakota.

~~13.11.~~ **No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.**

~~14.12.~~ In all other respects, the Area Development Agreement will be construed and enforced in accordance with its terms.

Signatures appear on following page.

ATHLETIC REPUBLIC, INC.

FRANCHISEE

By _____

By _____

Its _____

Its _____

ATHLETIC REPUBLIC, INC.
ADDENDUM TO AREA DEVELOPMENT AGREEMENT FOR THE
STATE OF SOUTH DAKOTA

This Addendum pertains solely to franchises sold in the State of South Dakota and is for the purpose of complying with South Dakota statutes and regulations. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following:

1. SDCL 53-9-5 voids liquidated damages provisions from contracts unless it would be impractical or extremely difficult to fix actual damages. Accordingly, to the extent a court of competent jurisdiction deems necessary, Section 7.D is hereby amended to comply with South Dakota law.
2. Section 9.D of the Area Developer Agreement is amended to provide as follows:

“Any provision in the Area Developer Agreement restricting jurisdiction or venue to a forum outside of South Dakota or requirement the application of the laws of another state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Investment Act.”
3. Sections 9.E and 9.F of the Franchise Agreement are deleted in their entirety.
4. Section 10.D of the Franchise Agreement is revised to include the following sentence:

“Pursuant to SDCL 37-5B-21, any condition, stipulation, or provision requiring a franchisee to waive compliance with or relieving a person of a duty or liability imposed by or a right provided by the South Dakota Franchise Investment Act or a rule or order under such Act is void.”
5. **No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee’s understanding of the law and facts as of the time of the franchisee’s investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.**
6. In all other respects, the Franchise Agreement will be construed and enforced in accordance with its terms.

ATHLETIC REPUBLIC, INC.

FRANCHISEE

By _____

By _____

Its _____

Its _____

ATHLETIC REPUBLIC, INC.
ADDENDUM TO AREA DEVELOPMENT AGREEMENT FOR THE
STATE OF WASHINGTON

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

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

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

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

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business. Because franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens under the Area Development Agreement, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until franchisor has met all its pre-opening obligations under the Agreement and Franchisee is open for business with respect to each such location.

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

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington. The undersigned does hereby acknowledge receipt of this addendum.

Sections 3.C.D and 10.D of the Development Agreement are hereby deleted.

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

The undersigned does hereby acknowledge receipt of this addendum.

ATHLETIC REPUBLIC, INC. _____

~~FRANCHISEE~~ _____

By _____

By _____

Its _____

Its _____

ATHLETIC REPUBLIC, INC.
ADDENDUM TO AREA DEVELOPMENT AGREEMENT FOR THE
STATE OF WISCONSIN

This Addendum pertains solely to franchisees in the State of Wisconsin and is for the purpose of complying with Wisconsin statutes and regulations. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following:

1. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, Section 6.B of the Agreement is extended as follows:

We will provide you at least 90 days' prior written notice of termination, cancellation, or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, or substantial change in competitive circumstances and will provide that you have 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days, the notice will be void. If the reason for termination, cancellation, or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will be entitled to written notice of such default and will have not less than 10 days in which to remedy such default from the date of delivery or posting of such notice.

2. Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between you and us inconsistent with the Law.

3. **No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.**

4. Except as amended herein, the Area Development Agreement will be construed and enforced in accordance with its terms.

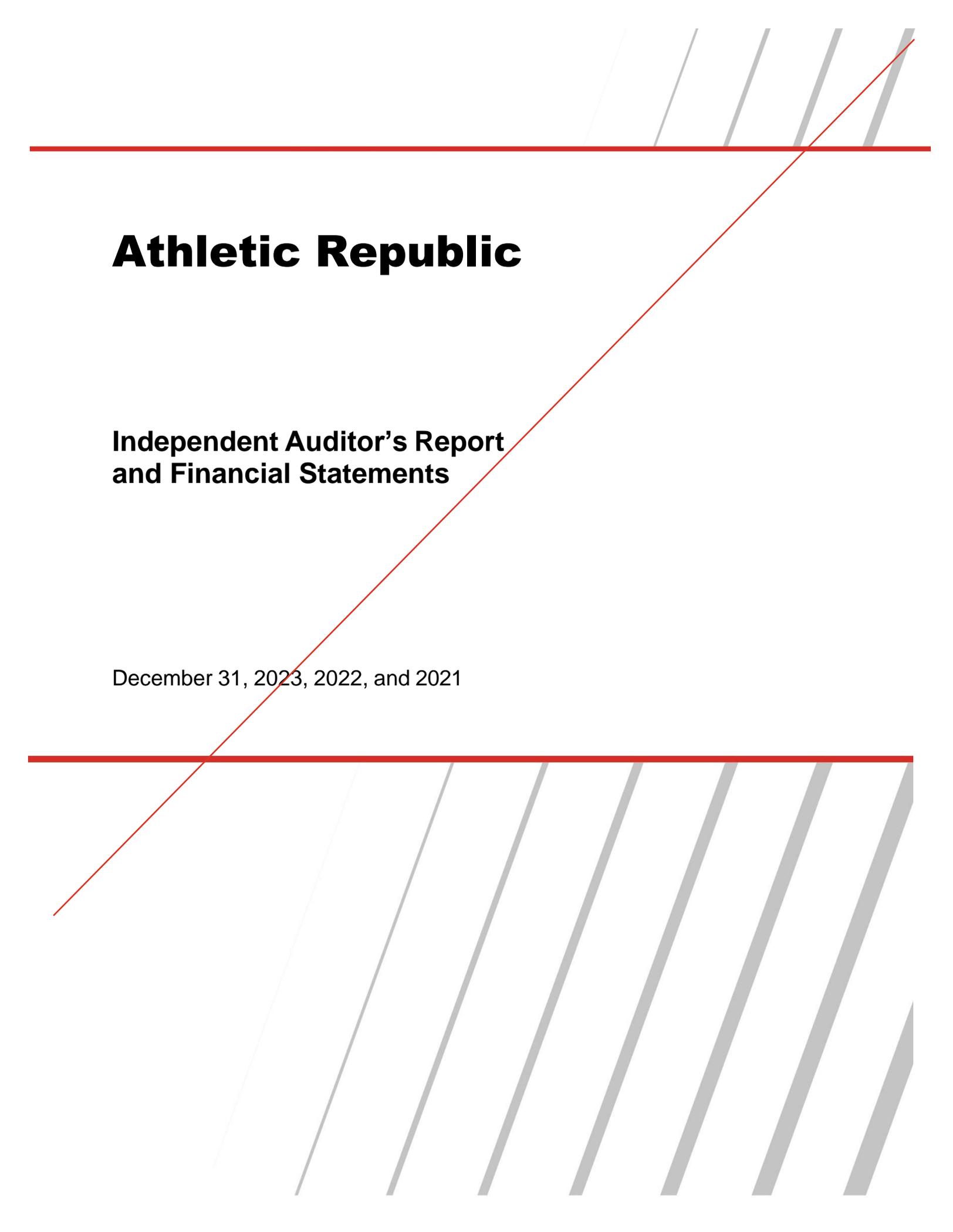
Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

ATHLETIC REPUBLIC, INC. _____ FRANCHISEE _____

By _____ By _____

Its _____ Its _____

EXHIBIT E
FINANCIAL STATEMENTS



Athletic Republic

Independent Auditor's Report and Financial Statements

December 31, 2023, 2022, and 2021

Athletic Republic
December 31, 2023, 2022, and 2021

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Independent Auditor's Report

Stockholders
Athletic Republic
Park City, Utah

Opinion

We have audited the financial statements of Athletic Republic (the Company), which comprise the balance sheets as of December 31, 2023, 2022, and 2021, and the related statements of operations, changes in stockholders' (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, 2022, and 2021, 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 Athletic Republic 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 these financial statements are available to be issued.

Stockholders
Athletic Republic

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 Athletic Republic'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 Athletic Republic'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.

FORVIS, LLP

Salt Lake City, Utah
February 27, 2024

Athletic Republic
Balance Sheets
December 31, 2023, 2022, and 2021

Assets

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current Assets			
Cash and cash equivalents	\$ 152,320	\$ 127,125	\$ 149,499
Accounts receivable, net	85,726	76,070	106,948
Inventories, net	459,174	604,517	376,035
Notes receivable, net	1,810	95,854	32,375
Contract assets, current portion	103,252	110,884	105,525
Other current assets	<u>43,180</u>	<u>47,651</u>	<u>49,220</u>
Total current assets	<u>845,462</u>	<u>1,062,101</u>	<u>819,602</u>
Property, Plant and Equipment, at Cost			
Leasehold improvements	378,636	378,636	378,636
Equipment	391,549	384,799	365,085
Computer hardware and software	<u>1,360,139</u>	<u>1,360,139</u>	<u>1,360,139</u>
Total	2,130,324	2,123,574	2,103,860
Less accumulated depreciation	<u>(1,996,190)</u>	<u>(1,907,567)</u>	<u>(1,801,766)</u>
Net property, plant and equipment	<u>134,134</u>	<u>216,007</u>	<u>302,094</u>
Other Assets			
Right-of-use assets - operating leases	643,605	658,236	-
Intangible assets, net	157,237	144,382	145,051
Notes receivable, net of current portion	56,036	136,362	132,796
Contract asset, net of current portion	<u>102,398</u>	<u>148,227</u>	<u>226,103</u>
Total other assets	<u>959,276</u>	<u>1,087,207</u>	<u>503,950</u>
Total assets	<u>\$ 1,938,872</u>	<u>\$ 2,365,315</u>	<u>\$ 1,625,646</u>

Athletic Republic
Balance Sheets (continued)
December 31, 2023, 2022, and 2021

Liabilities and Stockholders' Deficit

	2023	2022	2021
Current Liabilities			
Accounts payable	\$ 343,085	\$ 375,625	\$ 292,195
Accrued expenses	226,521	176,870	330,250
Note payable, current portion	1,260,000	730,000	235,000
Contract liabilities, current portion	129,040	122,589	118,240
Customer deposits	104,999	283,646	212,153
Right-of-use liability - operating	<u>648,156</u>	<u>666,662</u>	<u>-</u>
Total current liabilities	<u>2,711,801</u>	<u>2,355,392</u>	<u>1,187,838</u>
Long-term Liabilities			
Contract liabilities, less current portion	289,287	305,923	290,200
Deferred rent	-	-	18,276
Notes payable, less current portion	<u>1,500,000</u>	<u>1,515,000</u>	<u>1,629,863</u>
Total long-term liabilities	<u>1,789,287</u>	<u>1,820,923</u>	<u>1,938,339</u>
Total liabilities	<u>4,501,088</u>	<u>4,176,315</u>	<u>3,126,177</u>
Stockholders' Deficit			
Preferred A Series stock, \$.01 par value per share, authorized 20,000 shares, issued and outstanding 8,000 shares	80	80	80
Preferred B Series stock, \$.01 par value per share, authorized 20,000 shares, issued and outstanding 14,280 shares	143	143	143
Common stock, \$10 par value per share, authorized 20,000 shares, 8,091 issued and outstanding	80,596	80,596	80,596
Additional paid-in capital	10,830,918	10,830,918	10,830,918
Accumulated deficit	<u>(13,473,953)</u>	<u>(12,722,737)</u>	<u>(12,412,268)</u>
Total stockholders' deficit	<u>(2,562,216)</u>	<u>(1,811,000)</u>	<u>(1,500,531)</u>
Total liabilities and stockholders' deficit	<u>\$ 1,938,872</u>	<u>\$ 2,365,315</u>	<u>\$ 1,625,646</u>

Athletic Republic
Statements of Operations
Years Ended December 31, 2023, 2022, and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues	\$ 2,096,381	\$ 2,837,340	\$ 2,012,254
Cost of Revenues	<u>1,052,491</u>	<u>1,398,682</u>	<u>863,830</u>
Gross Profit	1,043,890	1,438,658	1,148,424
Operating Expense	<u>1,856,052</u>	<u>1,969,979</u>	<u>2,272,426</u>
Loss from Operations	<u>(812,162)</u>	<u>(531,321)</u>	<u>(1,124,002)</u>
Other Income (Expense)			
Interest expense	-	(5,174)	-
Other income	<u>60,946</u>	<u>226,465</u>	<u>168,910</u>
	<u>60,946</u>	<u>221,291</u>	<u>168,910</u>
Loss Before Income Taxes	(751,216)	(310,030)	(955,092)
Expense from Income Taxes	<u>-</u>	<u>(439)</u>	<u>-</u>
Net Loss	<u>\$ (751,216)</u>	<u>\$ (310,469)</u>	<u>\$ (955,092)</u>

Athletic Republic
Statements of Stockholders' Deficit
Years Ended December 31, 2023, 2022, and 2021

	Preferred Stock A		Preferred Stock B		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance, January 1, 2021	8,000	\$ 80	14,280	\$ 143	8,091	\$ 80,596	\$ 10,830,918	\$ (11,457,176)	\$ (545,439)
Net loss for the year ended December 31, 2021	-	-	-	-	-	-	-	(955,092)	(955,092)
Balance, December 31, 2021	8,000	80	14,280	143	8,091	80,596	10,830,918	(12,412,268)	(1,500,531)
Net loss for the year ended December 31, 2022	-	-	-	-	-	-	-	(310,469)	(310,469)
Balance, December 31, 2022	8,000	80	14,280	143	8,091	80,596	10,830,918	(12,722,737)	(1,811,000)
Net loss for the year ended December 31, 2022	-	-	-	-	-	-	-	(751,216)	(751,216)
Balance, December 31, 2023	<u>8,000</u>	<u>\$ 80</u>	<u>14,280</u>	<u>\$ 143</u>	<u>8,091</u>	<u>\$ 80,596</u>	<u>\$ 10,830,918</u>	<u>\$ (13,473,953)</u>	<u>\$ (2,562,216)</u>

See Notes to Financial Statements

Athletic Republic
Statements of Cash Flows
Years Ended December 31, 2023, 2022, and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Activities			
Net loss	\$ (751,216)	\$ (310,469)	\$ (955,092)
Items not requiring (providing) cash			
Depreciation of property and equipment	88,624	107,178	107,047
Amortization of intangible and other assets	744	669	1,901
Provision for obsolete inventory	-	-	12,209
Loss (gain) on sale of equipment	-	2,143	(3,104)
Noncash operating lease expense	109,240	96,120	-
Forgiveness of PPP loan	-	(169,863)	(168,900)
Changes in			
Accounts receivable	(9,656)	30,878	106,222
Inventories	145,343	(228,482)	29,545
Prepaid expenses and other assets	4,471	1,569	807
Accounts payable	(32,540)	83,430	(56,988)
Accrued expenses	49,651	(153,380)	37,047
Contract assets	53,461	72,517	43,584
Contract liabilities	(10,185)	20,072	33,229
Deferred rent	-	-	(6,421)
Customer deposits	(178,647)	71,493	(106,322)
Operating lease liability	(113,115)	(105,970)	-
Net cash used in operating activities	<u>(643,825)</u>	<u>(482,095)</u>	<u>(925,236)</u>
Investing Activities			
Purchase of property and equipment	(6,751)	(36,234)	(28,240)
Payments (issuances) of notes receivable	174,370	(67,045)	(165,171)
Proceeds from sale of equipment	-	13,000	3,746
Goodwill/intangibles acquired	(13,599)	-	-
Net cash provided by (used in) investing activities	<u>154,020</u>	<u>(90,279)</u>	<u>(189,665)</u>
Financing Activities			
Payments on notes payable to related party	(15,000)	-	-
Proceeds from issuance of debt	530,000	550,000	1,239,863
Net cash provided by financing activities	<u>515,000</u>	<u>550,000</u>	<u>1,239,863</u>
Change in Cash and Cash Equivalents	25,195	(22,374)	124,962
Cash and Cash Equivalents, Beginning of Year	<u>127,125</u>	<u>149,499</u>	<u>24,537</u>
Cash and Cash Equivalents, End of Year	<u>\$ 152,320</u>	<u>\$ 127,125</u>	<u>\$ 149,499</u>
Supplemental Disclosure of Cash Flows Information			
Cash paid for interest	\$ -	\$ 5,174	\$ -

Athletic Republic
Notes to Financial Statements
December 31, 2023, 2022, and 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Athletic Republic (the Company) is the premier provider of scientifically based, performance sports training programs throughout North America, Europe, Australia, Korea, and Japan.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions include the net realizability of loans and accounts receivable due from franchises and the fair value estimates of intangibles.

Cash and Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2023, 2022, and 2021, cash consisted primarily of noninterest-bearing checking accounts held with financial institutions.

The Company maintains its cash accounts in various deposit accounts, the balances of which are periodically in excess of federally insured limits.

Accounts Receivable

Accounts receivable generally represent amounts due from franchises for transaction fees, monthly franchise fees, equipment sales and other franchise services. Accounts receivable are stated net of an allowance for doubtful accounts and credits expected to be issued, reflecting the amount the Company expects to collect. Management considers the following factors when determining the collectability of specific franchise accounts: the age of the receivable, collateral, franchise credit-worthiness, past transaction history with the franchise, current economic industry trends and changes in franchise payment terms. Unpaid receivables with invoice dates over 30 days old bear interest at 1.5% per month. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the valuation allowance. As of December 31, 2023, 2022, and 2021, the allowance for doubtful accounts totaled \$16,238.

Athletic Republic
Notes to Financial Statements
December 31, 2023, 2022, and 2021

Inventories

Inventories are valued at the lower of cost, determined on a first in, first out basis, or net realizable value, and consist of equipment, and related parts and supplies. A reserve for discontinued products and obsolescence is recorded using certain assumptions regarding excess or slow-moving inventories, current and future product demand, and market conditions. A change in any of these assumptions could result in a change in the reserve. At December 31, 2023, 2022, and 2021, the reserve for discontinued products and obsolescence totaled \$12,209.

Property and Equipment

Property and equipment are recorded at cost. Depreciation and amortization expense is computed by the straight-line method over the estimated useful lives of the assets ranging from three - 15 years or for leasehold improvements the applicable remaining minimum lease term, if shorter. Expenses for maintenance and repairs are charged against operations as incurred. Renewals and betterments that materially extend the life of an asset are capitalized.

Long-lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2023, 2022, and 2021.

Intangible Assets

Intangible assets include trade names and trademarks and are amortized using the straight-line method over the estimated useful life of 15 years. Such assets are periodically evaluated as to the recoverability of their carrying values.

Customer Deposits

Customer deposits represent down payments from customers for equipment and software purchases for which delivery of the related equipment or software has not yet been made.

Athletic Republic
Notes to Financial Statements
December 31, 2023, 2022, and 2021

Income Taxes

The Company accounts for income taxes in accordance with income tax accounting guidance (ASC 740, *Income Taxes*). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more-likely-than-not that some portion or all of a deferred tax asset will not be realized.

Tax positions are recognized if it is more-likely-than-not, based on the technical merits that the tax position will be realized or sustained upon examination. The term more-likely-than-not means a likelihood of more than 50%; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information.

The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to the management's judgment.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of December 31, 2023, 2022, and 2021, the unrecognized tax benefits accrual is zero. The Company will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Athletic Republic
Notes to Financial Statements
December 31, 2023, 2022, and 2021

Revenue Recognition

Proceeds from the sale of a franchise are recognized as revenue when the Company has performed substantially all services for the franchise as stipulated in the franchise agreement, generally at completion of new franchisee training and the start of business by the franchise. The Company requires the entire franchise price to be paid upon execution of the franchise agreement and consequently recognizes deferred revenue until all revenue recognition criteria have been met. Monthly continuing franchise fees are recognized as revenue as earned. Other franchise operations income includes fees for other services provided to franchisees which are earned as the services are provided. The Company sold four franchises during the year ended December 31, 2023, and sold six franchises and eight franchises during the years ended December 31, 2022, and 2021, respectively. The table below shows the number of franchisees and licensees in operation as of December 31, 2023, 2022, and 2021.

	2023	2022	2021
Franchises	36	37	38
Licensees	21	21	27
International	5	5	6
Total	62	63	71

Royalty Fees

The Company's royalty fees are based on a percentage of the franchisee's and licensee's gross sales subject to minimum amounts based on the types of programs offered as set forth in the franchise and license agreements. Over the last several years the Company has moved from a flat fee royalty offering to a percentage-based royalty. These fees are recognized as revenue by the Company in the period to which the billing to the franchisees and licensees relates.

Other Revenues

For all other types of revenue, the Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the fee for the arrangement is fixed or determinable and collectability is reasonably assured.

Sales Taxes

The Company has customers in states and municipalities in which those governmental units impose a sales tax on certain sales. The Company collects those sales taxes from its customers and remits the entire amount to the various governmental units. The Company's accounting policy is to exclude the tax collected and remitted from revenue and cost of revenue.

Athletic Republic
Notes to Financial Statements
December 31, 2023, 2022, and 2021

Deferred Rent

The Company leases office space under a noncancelable, long-term operating lease that includes scheduled increases in minimum rents and renewal provisions at the option of the Company. The expense associated with the lease is recognized on a straight-line basis over the lease term prior to the adoption of ASC 842 (see Note 2). Tenant allowances received from the lessor are recorded as deferred rent and recognized evenly over the remaining lease term as a reduction to rent expense.

Advertising Costs

Costs incurred for producing and distributing advertising are expensed as incurred. The Company incurred advertising costs of \$134,759, \$105,074, and \$89,269, respectively, during the years ended December 31, 2023, 2022, and 2021.

Subsequent Events

The Company has evaluated subsequent events through February 27, 2024, the date which the financial statements were available to be issued.

Note 2: Leases

Accounting Policies

The Company determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Company determines lease classification as operating or finance at the lease commencement date.

The Company does not combine lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office buildings.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Company has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Company is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Company has elected not to record leases with an initial term of 12 months or less on the balance sheets. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Athletic Republic
Notes to Financial Statements
December 31, 2023, 2022, and 2021

Nature of Leases

The Company has entered into the following lease arrangements:

Operating Leases

The Company leases office space that expired during 2023, at which time the Company exercised the renewal option and extended the lease for an additional three years. Lease payments have an escalating fee schedule of a 5% increase each year. Termination of the leases is generally prohibited unless there is a violation under the lease agreement. A portion of the leased space is subleased to a franchisee in a sublease that expired during 2023, at which time the Company exercised the renewal option and extended the lease for an additional three years.

The Company has no material related-party leases.

The Company's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

The lease cost and other required information for the years ended December 31, 2023 and 2022 is:

	<u>2023</u>	<u>2022</u>
Lease cost		
Operating lease cost	\$ 119,795	\$ 105,271
Short-term lease cost	54,900	40,400
Sublease income	<u>(60,937)</u>	<u>(57,739)</u>
Total lease cost	<u>\$ 113,758</u>	<u>\$ 87,932</u>
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 123,670	117,767
Weighted-average remaining lease term		
Operating leases	4.7 years	5.4 years
Weighted-average discount rate		
Operating leases	1.6%	1.6%

Athletic Republic
Notes to Financial Statements
December 31, 2023, 2022, and 2021

Short-term Leases

The Company leases warehouse space with lease terms less than 12 months. Total lease expense included in operating expenses for the years ended December 31, 2023, 2022, and 2021, was \$54,900, \$40,400, and \$85,853, respectively.

2024	\$	132,064
2025		138,664
2026		145,596
2027		152,880
2028		<u>105,264</u>
Total future undiscounted lease payments		674,468
Less interest		<u>(26,312)</u>
Lease liabilities		<u>\$ 648,156</u>

Note 3: Intangible Assets

Intangible assets and accumulated amortization are as follows:

		2023		
		Gross Carrying Amount	Accumulated Amortization	Net
Patents	\$	207,253	\$ 207,253	\$ -
Trademarks		<u>157,237</u>	<u>-</u>	<u>157,237</u>
Intangible assets				
Trademarks and tradenames	\$	<u>364,490</u>	<u>\$ 207,253</u>	<u>\$ 157,237</u>
		2022		
		Gross Carrying Amount	Accumulated Amortization	Net
Patents	\$	207,253	\$ 207,253	\$ -
Trademarks		<u>144,382</u>	<u>-</u>	<u>144,382</u>
Intangible assets				
Trademarks and tradenames	\$	<u>351,635</u>	<u>\$ 207,253</u>	<u>\$ 144,382</u>

Athletic Republic
Notes to Financial Statements
December 31, 2023, 2022, and 2021

	2021		
	Gross Carrying Amount	Accumulated Amortization	Net
Patents	\$ 207,253	\$ 206,584	\$ 669
Trademarks	144,382	-	144,382
Intangible assets			
Trademarks and tradenames	\$ 351,635	\$ 206,584	\$ 145,051

Note 4: Note Receivable

Notes receivable consist of the following at December 31:

	2023	2022	2020
Note receivable from franchisee, monthly principal payments of \$3,117 including interest at 5%, maturity date of November 2026, secured by underlying assets and franchise commitment	\$ -	\$ 153,180	\$ 165,171
Note receivable from franchisee, monthly principal payments of \$1,000, maturity date of February 2024, secured by underlying assets and franchise commitment	1,810	14,000	-
Note receivable from franchisee, to be repaid at a future date, secured by underlying assets and franchise commitment	56,036	65,036	-
	57,846	232,216	165,171
Less current maturities	(1,810)	(95,854)	(32,375)
	\$ 56,036	\$ 136,362	\$ 132,796

The current maturities of notes receivable are included in other receivables in the accompanying balance sheets.

Athletic Republic
Notes to Financial Statements
December 31, 2023, 2022, and 2021

Note 5: Notes Payable

On April 15, 2020, the Company received loan proceeds in the amount of \$168,900 under the Paycheck Protection Program (PPP). The PPP, established as part of the *Coronavirus Aid, Relief and Economic Security Act* (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks from the issuance date, as long as the Company uses the loan proceeds for eligible purposes, including payroll benefits, rent and utilities, and maintains its payroll levels. The unforgiven portion of the PPP loan is payable at an interest rate of 1% after two years from the date of the note with interest paid monthly after a six-month deferral period. The Company used the proceeds for purposes consistent with the PPP. During 2021, the Company received notice that the PPP loan had been forgiven in full. On January 20, 2021, the Company received proceeds in the amount of \$169,863 from the second round of PPP loan funding. During 2022, the Company received notice that the second round of PPP loan funding had been forgiven in full.

Notes payable as of December 31, 2023, 2022, and 2021 consisted of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Paycheck Protection Program loan	\$ -	\$ -	\$ 169,863
Non-interest bearing note payable to stockholder, principal and interest due on demand	1,260,000	730,000	180,000
Non-interest bearing note payable to stockholders, principal and interest payable monthly, due December 31, 2026	<u>1,500,000</u>	<u>1,515,000</u>	<u>1,515,000</u>
	2,760,000	2,245,000	1,864,863
Less current maturities	<u>(1,260,000)</u>	<u>(730,000)</u>	<u>(235,000)</u>
Net notes payable outstanding	<u>\$ 1,500,000</u>	<u>\$ 1,515,000</u>	<u>\$ 1,629,863</u>

During the years ended December 31, 2023, 2022, and 2021, the Company received proceeds from notes payable to stockholders in the amounts of \$530,000, \$550,000, and \$1,070,000, respectively.

During 2021, a stockholder of the Company acquired \$445,000 of the notes due in 2022 and extended the terms to 2026.

Athletic Republic
Notes to Financial Statements
December 31, 2023, 2022, and 2021

Aggregate annual maturities of notes payable obligations at December 31, 2023 are:

2024	\$ 1,260,000
2025	-
2026 and thereafter	<u>1,500,000</u>
	<u>\$ 2,760,000</u>

Note 6: Contract Liabilities

Contract liabilities as of December 31, 2023, 2022, and 2021, consist of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Deferred franchise revenues	\$ 418,327	\$ 428,512	\$ 408,440
Deferred membership fees	<u>-</u>	<u>-</u>	<u>-</u>
	418,327	428,512	408,440
Less current portion	<u>(129,040)</u>	<u>(122,589)</u>	<u>(118,240)</u>
Total deferred revenue, less current portion	<u>\$ 289,287</u>	<u>\$ 305,923</u>	<u>\$ 290,200</u>

Athletic Republic
Notes to Financial Statements
December 31, 2023, 2022, and 2021

Note 7: Income Taxes

Deferred tax assets and liabilities consist of the following:

	2023	2022	2021
Deferred tax assets (liabilities)			
Net operating loss carryforward	\$ 3,247,208	\$ 3,139,200	\$ 2,566,467
Deferred rent	-	1,400	3,838
Allowance for doubtful accounts	4,006	4,000	3,410
Deferred revenues	39,989	(4,200)	(18,361)
Research and development tax credits	-	-	26,824
Timing of lease expense	1,123	-	-
Intangible assets	(34,307)	-	-
Property and equipment	<u>40,650</u>	<u>(3,400)</u>	<u>(17,385)</u>
	3,298,669	3,137,000	2,564,793
Less valuation allowance	<u>(3,298,669)</u>	<u>(3,137,000)</u>	<u>(2,564,793)</u>
Total deferred tax assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Company has net operating loss carryforwards for federal and state tax purposes totaling \$13,051,997, \$12,601,730, and \$12,221,271 as of December 31, 2023, 2022, and 2021, respectively. The net operating loss carryforwards begin expiring in 2029. The general business credits begin expiring in 2033. At December 31, 2023, 2022, and 2021, the Company has recorded a valuation allowance of \$3,298,669, \$3,137,000, and \$2,564,793, respectively, as a result of determining that it is more-likely-than-not that a portion of the net operating loss carryforwards will not be utilized prior to expiration.

The income tax benefit for the years ended December 31, 2023, 2022, and 2021 consists of the following:

	2023	2022	2021
Benefit from income taxes	\$ -	\$ -	\$ -

Athletic Republic
Notes to Financial Statements
December 31, 2023, 2022, and 2021

The reconciliation of income taxes calculated at the tax statutory rates to the Company's effective tax rate is set forth below:

	2023	2022	2021
Income tax computed at federal statutory rates	21%	21%	21%
State taxes, net of federal tax benefit	4%	4%	4%
Change in income taxes resulting from valuation allowance	-25%	-25%	-25%
	0%	0%	0%

Note 8: Employee Benefit Plan

The Company has a qualified 401(k) plan which covers all employees who meet eligibility requirements. The Company's contribution to the Plan, as determined by the Board of Directors, is discretionary but may not exceed 15% of the annual aggregate compensation paid to all participating employees or 100% of the employees' contribution. Employees are also permitted to make voluntary contributions up to 15% of their annual aggregate compensation. There were no Plan contributions from the Company for the years ended December 31, 2023, 2022, and 2021.

Note 9: Commitments and Contingencies

Legal Proceedings

The Company is subject to legal proceedings and claims that arise in the ordinary course of business. The Company does not currently believe that the outcome of any of those matters will have a material adverse effect on the Company's financial position, operating results, or cash flows.

Note 10: Stock Warrants

The Company has outstanding stock warrants issued to two majority stockholders and on marketing consultant totaling 3,050 shares of stock. The warrants have an exercise price of \$337 and expire at various dates through May 2028. During the years ended December 31, 2023, 2022, and 2021, \$0 of expense has been recognized in connection with these stock warrants.

Athletic Republic
Notes to Financial Statements
December 31, 2023, 2022, and 2021

Note 11: Related-party Transactions

The Company had several accounts consisting of related-party transactions. Transactions with stockholders and employees for each of the years ended December 31, are as follows:

	2023	2022	2021
Related-party transactions	\$ 2,760,000	\$ 2,245,000	\$ 1,695,000

During the year ended December 31, 2021, the Company obtained an unsecured loan totaling \$1,515,000 from a stockholder. The loan is noninterest-bearing and due on demand. As of December 31, 2023, 2022, and 2021, \$1,500,000, \$1,515,000, and \$1,515,000 was outstanding, respectively.

During the year ended December 31, 2022, the Company obtained an unsecured loan totaling \$550,000 from a stockholder. The loan is noninterest-bearing and due on demand. As of December 31, 2023 and 2022, \$550,000 was outstanding.

During the year ended December 31, 2023, the Company obtained an unsecured loan totaling \$530,000 from a stockholder. The loan is noninterest-bearing and due on demand. As of December 31, 2023, \$530,000 was outstanding.

For the years ended December 31, 2023, 2022, and 2021, \$1,260,000, \$730,000, and \$235,000 of the related-party debt was considered to be current, respectively.

Note 12: Preferred Stock

Holder of outstanding shares of Series A Preferred Stock are entitled to receive dividends, when, and if declared by the Company at a rate of \$15 per share payable in preference and priority to dividends or distributions on Series B Preferred Stock and Common Stock. Holders of outstanding shares of Series B Preferred Stock are entitled to receive dividends, when, and if declared by the Company at a rate of \$15 per share payable in preference and priority to dividends or distributions on Common Stock. The right to receive dividends on shares of Series A Preferred Stock and Series B Preferred Stock, whether or not declared, shall be cumulative. No dividends were declared during the year ended December 31, 2023. Cumulative unpaid dividends on Series A Preferred Stock totaled \$720,000 at December 31, 2023. Cumulative unpaid dividends on Series B Preferred Stock totaled \$1,285,950 at December 31, 2023.

Athletic Republic

Notes to Financial Statements

December 31, 2023, 2022, and 2021

In the event of a sale, merger or any other liquidation, holders of outstanding shares of Series A Preferred Stock are entitled to receive, prior to and in preference to any distribution of any of the assets of the Company to the holders of the Series B Preferred Stock and the Common Stock, an amount per share of each Series A Preferred Stock held by them equal to 3.5 times the Series A Preferred Original Issue Price of \$300 per share, plus any dividends accrued but unpaid. Holders of outstanding shares of Series B Preferred Stock are entitled to receive, prior to and in preference to any distribution of any of the assets of the Company to the holders of the Common Stock, an amount per share of each Series B Preferred Stock held by them equal to 2.5 times the Series B Preferred Original Issue Price of \$300 per share, plus any dividends accrued but unpaid. The outstanding shares of Series A Preferred Stock and Series B Preferred Stock shall not be convertible into Common Stock.

Note 13: Employee Retention Credit

The *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act), and subsequent legislation, provides a refundable employee retention tax credit to eligible employers who meet either a gross receipts test or a government mandate test. The tax credit is equal to a specified percentage of qualified wages paid to employees subject to certain limits. The Company has elected to account for these employee retention credits by analogy to IAS 20. The Company has determined it qualifies for the credit and has claimed employee retention credits (ERC) of \$244,480 related to payroll taxes paid the year ended December 31, 2021. The amount is recorded as a reduction of expenses for the year ended December 31, 2022, the year in which the credit was applied for and received.

The following financial statements line items were affected for these transactions:

- Operating expenses – \$0

Laws and regulations concerning the employee retention credit are complex and subject to varying interpretation. These credits may be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Company's claim to the employee retention credit, and it is not possible to determine the impact this would have on the Company.

Note 14: Management's Plans for Operations

The financial statements for the Company are prepared using the generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has invested in long-term franchise system improvements and technology, which has led to losses from operations.

During the years ended December 31, 2023, 2022, and 2021, the Company experienced a net loss of \$750,450, \$310,469, and \$955,092, respectively, due primarily to the investments being made into franchise systems, marketing, and technology, the add-back of deferred employer taxes and awarding fewer new franchise locations than projected.

Athletic Republic

Notes to Financial Statements

December 31, 2023, 2022, and 2021

Since the beginning of the 2020 COVID-19 crisis, the Company made significant changes to its service offering to improve franchise unit economics, expand into additional market segments, and changes to its expense lines to react to less-than-planned franchise sales. The Company's investments in improving system-wide performance were starting to be realized in 2022. As the Company's training centers Average Unit Volume (AUV) increased by 14% during the year; new center membership pre-sales consistently recognized 100 members within the first 100 days, with a new record set by one center of recording 100 members in the first 31 days; and training centers benefited from the introduction of a new online scheduling and point-of-sale system, a new customer relationship management system for tracking and managing leads generated through customer acquisition and referral marketing, athlete assessment technology that captured, recorded and reported training video, force and power data, plus a reporting system to share athlete development data; and the release of center-specific, a real-time Key Performance Indicator (KPI) dashboard that allows owners to better identify business issues, set priorities and establish action plans.

During 2023 Company continued its efforts to accelerate new training center openings and overall business scale, by transitioning in-house production of its Super Running Treadmill to Woodway USA, Inc. and outsourcing the manufacturing of its other proprietary equipment.

During 2023, the Company awarded three franchises, opened three new training centers, and transferred ownership in one training center. The Company expects to award ten new franchises in 2024 and open seven new locations in the U.S., plus two international locations before year-end. It will use excess cash generated from franchise development to improve franchise unit economics, continue to invest in technology, and expand its franchise footprint.

The Company is building on each of these initiatives during 2024 to expand its franchise footprint, improve training center economics, increase athlete and business intelligence through technology, and continue to advance operating efficiency through better business practices. In addition to the operational items, the Company has commitments from its shareholders to provide additional funding if needed.

Note 15: Revenue from Contracts with Customers

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in Topic 606. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

Athletic Republic

Notes to Financial Statements

December 31, 2023, 2022, and 2021

As a franchisor, the Company's principal business is to sell franchises, which provide scientifically based, performance sports training programs. Franchise rights may be granted through a franchise agreement that sets out the terms of the arrangement with the franchisee. The franchise agreements require that the franchisee remit continuing/royalty fees to the Company based on the monthly revenues of the franchisees. The franchise agreements also require certain, upfront franchise fees such as initial fees paid upon opening of a franchise, fees paid for Business Acceleration Products (BAP), and fees paid in the event the franchise agreement is transferred to another franchisee.

The Company earns membership fees from the corporate-owned stores. Members are in monthly memberships with unlimited access, punch passes (six group sessions), or annual memberships with unlimited access.

Equipment sales are distinct standalone transactions that take place between the franchisee and franchisor. Terms are FOB Shipping, title passes to franchisee when shipped. Installation services typically occur within the same week and are performed by the Company and reported separately. The franchisee is billed when the product is shipped for both the equipment and installation services. Install services are typically performed within a day or two of shipping. Any cutoff issues are expected to be immaterial as the Company typically does not ship equipment near year-end and any equipment in transit at year-end would have immaterial shipping charges associated with it.

Franchising

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreements require the franchisee to pay an initial, nonrefundable fee of \$55,000 and continuing royalty fees. Royalty and marketing fees are subject to minimums and are paid weekly. In 2014, the Company moved away from percentage of sales to a fixed fee structure for royalties and marketing fee payments. In 2018, the Company returned to a percentage of sales structure to determine royalty fees. Direct costs of sales and servicing of franchise agreements are charged to general and administrative expenses as incurred.

When an individual franchise is sold, the Company agrees to provide certain services to the franchisee, including on-boarding support, use of training protocols, site selection, systems implementation, business development, and design of a quality customer experience. The Company recognizes 60% of the initial fee when the agreement is signed, and certain franchise materials are provided. The remaining 40% of the initial fee is recognized as revenue when substantially all initial services required by the franchise agreement are performed, which is generally upon opening of a training center. Continuing fees are recognized as earned, with an appropriate provision for estimated uncollectible amounts charged to general and administrative expense.

Initial fees included in revenues for the years ended December 31, 2023, 2022, and 2021 were \$129,000, \$150,000, and \$160,500, respectively. Royalty fees earned during the years ended December 31, 2023, 2022, and 2021 were \$602,421, \$510,865, and \$516,646, respectively.

Athletic Republic

Notes to Financial Statements

December 31, 2023, 2022, and 2021

The Company determined that the services they provide in exchange for upfront franchise fees, which primarily relate to pre-opening training and other services, are individually distinct from the ongoing services they provide to their franchisees. As a result, these pre-opening fees are recognized upon the franchise opening, and completion of the related training. Revenues for these upfront franchise fees are recognized on a straight-line basis, which is consistent with the franchisee's right to use and benefit from the intellectual property. Revenues from continuing fees and upfront franchise fees are presented within franchise revenues in the statements of operations. Correspondingly, the commissions related to franchise sales are recorded as an asset and are recognized over the expected life of the franchise agreement in "cost of revenues."

Membership fees are recognized over the remaining expected life of the membership contract, which is usually 12 months or less.

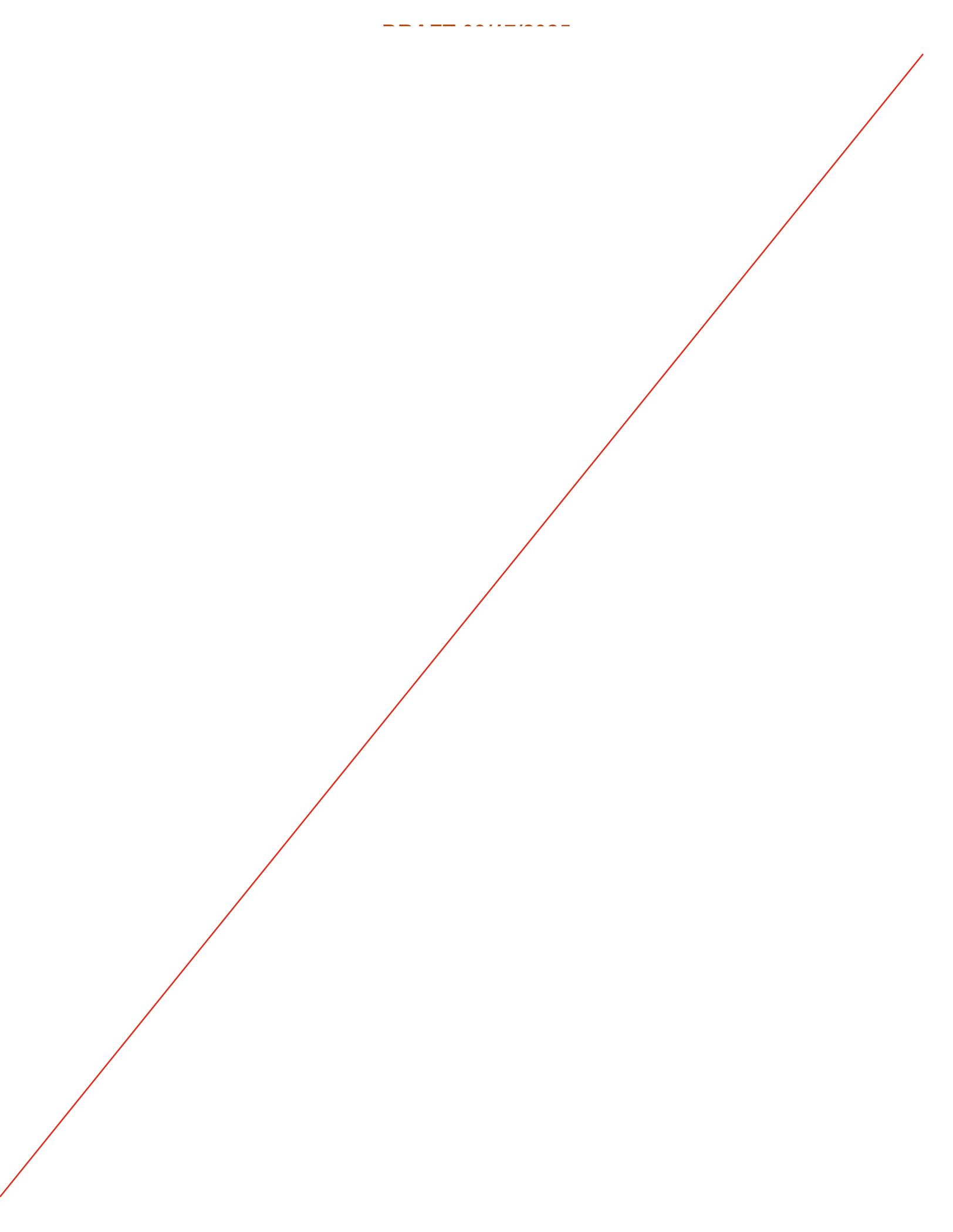
Revenue from equipment sales is recognized when the equipment is shipped, and the installation is complete.

Accounting Policies and Practical Expedients Elected

Advertising fund contributions and expenditures are reported on a gross basis in the statements of operations. The assets and liabilities held by the advertising funds, are reported as restricted assets and liabilities of advertising funds, respectively, and are included within the respective balance sheets caption to which the assets and liabilities relate. Additionally, advertising costs that have been incurred by the Company outside of the advertising funds are included within advertising expenses in the statements of operations. The Company is also applying an accounting policy election, which allows an entity to exclude from revenue any amounts collected from customers on behalf of third parties, such as sales taxes and other similar taxes we collect concurrent with revenue-producing activities. Therefore, revenue is presented net of sales taxes and similar revenue-based taxes.

The Company has elected to use the portfolio approach to evaluate contracts. As a practical expedient, a portfolio approach is permitted if it is reasonably expected that the approach's impact on the financial statements will not be materially different from the impact of applying the revenue standard on an individual contract basis. In order to use the portfolio approach, an entity must reasonably expect that the accounting result will not be materially different from the result of applying the standard to the individual contracts.

The Company has elected to use the right to invoice practical expedient. This practical expedient allows an entity to recognize revenue in the amount of consideration to which the entity has the right to invoice when the amount that the entity has the right to invoice corresponds directly to the value transferred to the customer. That is, the invoice practical expedient cannot be applied in all circumstances because the right to invoice a certain amount does not always correspond to the progress toward satisfying the performance obligation. Therefore, an entity should demonstrate its ability to apply the invoice practical expedient to performance obligations satisfied over time.





Athletic Republic

Independent Auditor's Report and Financial Statements

December 31, 2024, 2023, and 2022



Athletic Republic
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December 31, 2024, 2023, and 2022

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Independent Auditor's Report

Stockholders
Athletic Republic
Park City, Utah

Opinion

We have audited the financial statements of Athletic Republic (the Company), which comprise the balance sheets as of December 31, 2024, 2023, and 2022, and the related statements of operations, changes in stockholders' (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, 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 Athletic Republic 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 these 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 Athletic Republic'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 Athletic Republic'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.

Forvis Mazars, LLP

Salt Lake City, Utah
March 21, 2025

Athletic Republic
Balance Sheets
December 31, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
ASSETS			
Current Assets			
Cash	\$ 56,343	\$ 152,320	\$ 127,125
Accounts receivable, net	283,624	85,726	76,070
Inventories, net	570,212	459,174	604,517
Notes receivable, net	10,266	1,810	95,854
Contract assets, current portion	60,326	103,252	110,884
Other current assets	69,136	43,180	47,651
Total Current Assets	<u>1,049,907</u>	<u>845,462</u>	<u>1,062,101</u>
Property, Plant, and Equipment, at Cost			
Leasehold improvements	378,636	378,636	378,636
Equipment	391,549	391,549	384,799
Computer hardware and software	1,360,139	1,360,139	1,360,139
Total Property, Plant, and Equipment, at Cost	2,130,324	2,130,324	2,123,574
Less accumulated depreciation	<u>(2,029,933)</u>	<u>(1,996,190)</u>	<u>(1,907,567)</u>
Net Property, Plant, and Equipment	<u>100,391</u>	<u>134,134</u>	<u>216,007</u>
Other Assets			
Right-of-use (ROU) assets - operating leases	509,705	643,605	658,236
Intangible assets, net	155,850	157,237	144,382
Notes receivable, net of current portion	46,262	56,036	136,362
Contract asset, net of current portion	43,491	102,398	148,227
Total Other Assets	<u>755,308</u>	<u>959,276</u>	<u>1,087,207</u>
Total Assets	<u>\$ 1,905,606</u>	<u>\$ 1,938,872</u>	<u>\$ 2,365,315</u>

Athletic Republic
Balance Sheets
December 31, 2024, 2023, and 2022

(Continued)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT			
Current Liabilities			
Accounts payable	\$ 449,971	\$ 343,381	\$ 375,625
Accrued expenses	120,452	226,225	176,870
Note payable, current portion	3,195,000	1,260,000	730,000
Contract liabilities, current portion	116,396	129,040	122,589
Customer deposits	546,326	104,999	283,646
ROU liability - operating, current portion	131,068	122,411	18,506
Total Current Liabilities	<u>4,559,213</u>	<u>2,186,056</u>	<u>1,707,236</u>
Long-Term Liabilities			
Contract liabilities, less current portion	230,417	289,287	305,923
ROU liability, less current portion	394,677	525,745	648,156
Notes payable, less current portion	-	1,500,000	1,515,000
Total Long-Term Liabilities	<u>625,094</u>	<u>2,315,032</u>	<u>2,469,079</u>
Total Liabilities	<u>5,184,307</u>	<u>4,501,088</u>	<u>4,176,315</u>
Stockholders' Deficit			
Preferred A Series stock, \$.01 par value per share, authorized 20,000 shares, issued and outstanding 8,000 shares	80	80	80
Preferred B Series stock, \$.01 par value per share, authorized 20,000 shares, issued and outstanding 14,280 shares	143	143	143
Common stock, \$10 par value per share, authorized 20,000 shares, 8,091 issued and outstanding	80,596	80,596	80,596
Additional paid-in capital	10,830,918	10,830,918	10,830,918
Accumulated deficit	(14,190,438)	(13,473,953)	(12,722,737)
Total Stockholders' Deficit	<u>(3,278,701)</u>	<u>(2,562,216)</u>	<u>(1,811,000)</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 1,905,606</u>	<u>\$ 1,938,872</u>	<u>\$ 2,365,315</u>

Athletic Republic
Statements of Operations
Years Ended December 31, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues	\$ 1,491,801	\$ 2,096,381	\$ 2,837,340
Cost of Revenues	<u>672,999</u>	<u>1,052,491</u>	<u>1,398,682</u>
Gross Profit	818,802	1,043,890	1,438,658
Operating Expenses	<u>1,601,143</u>	<u>1,856,052</u>	<u>1,969,979</u>
Loss from Operations	<u>(782,341)</u>	<u>(812,162)</u>	<u>(531,321)</u>
Other Income (Expense)			
Interest expense	(958)	-	(5,174)
Other income	<u>66,814</u>	<u>60,946</u>	<u>226,465</u>
	<u>65,856</u>	<u>60,946</u>	<u>221,291</u>
Loss Before Income Taxes	(716,485)	(751,216)	(310,030)
Expense from Income Taxes	<u>-</u>	<u>-</u>	<u>(439)</u>
Net Loss	<u>\$ (716,485)</u>	<u>\$ (751,216)</u>	<u>\$ (310,469)</u>

Athletic Republic
Statements of Stockholders' Deficit
Years Ended December 31, 2024, 2023, and 2022

	Preferred Stock A		Preferred Stock B		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance, January 1, 2022	8,000	\$ 80	14,280	\$ 143	8,091	\$ 80,596	\$ 10,830,918	\$(12,412,268)	\$ (1,500,531)
Net loss for the year ended December 31, 2022	-	-	-	-	-	-	-	(310,469)	(310,469)
Balance, December 31, 2022	8,000	80	14,280	143	8,091	80,596	10,830,918	(12,722,737)	(1,811,000)
Net loss for the year ended December 31, 2023	-	-	-	-	-	-	-	(751,216)	(751,216)
Balance, December 31, 2023	8,000	80	14,280	143	8,091	80,596	10,830,918	(13,473,953)	(2,562,216)
Net loss for the year ended December 31, 2024	-	-	-	-	-	-	-	(716,485)	(716,485)
Balance, December 31, 2024	<u>8,000</u>	<u>\$ 80</u>	<u>14,280</u>	<u>\$ 143</u>	<u>8,091</u>	<u>\$ 80,596</u>	<u>\$ 10,830,918</u>	<u>\$(14,190,438)</u>	<u>\$ (3,278,701)</u>

Athletic Republic
Statements of Cash Flows
Years Ended December 31, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating Activities			
Net loss	\$ (716,485)	\$ (751,216)	\$ (310,469)
Items not requiring (providing) cash			
Depreciation of property and equipment	33,742	88,624	107,178
Amortization of intangible and other assets	1,387	744	669
Loss on sale of equipment	-	-	2,143
Noncash operating lease expense	133,900	109,240	96,120
Forgiveness of PPP loan	-	-	(169,863)
Changes in			
Accounts receivable	(197,898)	(9,656)	30,878
Inventories	(111,037)	145,343	(228,482)
Prepaid expenses and other assets	(25,956)	4,471	1,569
Accounts payable	106,590	(32,540)	83,430
Accrued expenses	(105,773)	49,651	(153,380)
Contract assets	101,833	53,461	72,517
Contract liabilities	(71,514)	(10,185)	20,072
Customer deposits	441,327	(178,647)	71,493
Operating lease liability	(122,411)	(113,115)	(105,970)
Net Cash Used in Operating Activities	<u>(663,363)</u>	<u>(643,825)</u>	<u>(482,095)</u>
Investing Activities			
Purchase of property and equipment	-	(6,751)	(36,234)
Payments received (issuances) on notes receivable	1,318	174,370	(67,045)
Proceeds from sale of equipment	-	-	13,000
Goodwill/intangibles acquired	-	(13,599)	-
Net Cash Provided by (Used in) Investing Activities	<u>1,318</u>	<u>154,020</u>	<u>(90,279)</u>
Financing Activities			
Payments on notes payable to related party	-	(15,000)	-
Proceeds from issuance of debt	435,000	530,000	550,000
Net Cash Provided by Financing Activities	<u>435,000</u>	<u>515,000</u>	<u>550,000</u>
Change in Cash	(227,045)	25,195	(22,374)
Cash, Beginning of Year	<u>152,320</u>	<u>127,125</u>	<u>149,499</u>
Cash, End of Year	<u>\$ (74,725)</u>	<u>\$ 152,320</u>	<u>\$ 127,125</u>
Supplemental Disclosure of Cash Flows Information			
Cash paid for interest	\$ -	\$ -	\$ 5,174

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Athletic Republic (the Company) is the premier provider of scientifically based, performance sports training programs throughout North America, Europe, Australia, Korea, and Japan.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions include the net realizability of loans and accounts receivable due from franchises and the fair value estimates of intangibles.

Cash

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2024, 2023, and 2022, cash consisted primarily of noninterest-bearing checking accounts held with financial institutions.

The Company maintains its cash accounts in various deposit accounts, the balances of which are periodically in excess of federally insured limits.

Accounts Receivable

Accounts receivable generally represent amounts due from franchises for transaction fees, monthly franchise fees, equipment sales and other franchise services. Accounts receivable are stated net of a credit allowance and credits expected to be issued, reflecting the amount the Company expects to collect. Management considers the following factors when determining the collectability of specific franchise accounts: the age of the receivable, collateral, franchise credit-worthiness, past transaction history with the franchise, current economic industry trends and changes in franchise payment terms. Unpaid receivables with invoice dates over 30 days old bear interest at 1.5% per month. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the credit allowance. As of December 31, 2024, 2023, and 2022, the credit allowance totaled \$16,238.

Inventories

Inventories are valued at the lower of cost, determine on a first in, first out basis, or net realizable value, and consist of equipment, and related parts and supplies. A reserve for discontinued products and obsolescence is recorded using certain assumptions regarding excess or slow-moving inventories, current and future product demand, and market conditions. A change in any of these assumptions could result in a change in the reserve. At December 31, 2024, 2023, and 2022, the reserve for discontinued products and obsolescence totaled \$12,209.

Property and Equipment

Property and equipment are recorded at cost. Depreciation and amortization expense is computed by the straight-line method over the estimated useful lives of the assets ranging from three - 15 years or for leasehold improvements the applicable remaining minimum lease term, if shorter. Expenses for maintenance and repairs are charged against operations as incurred. Renewals and betterments that materially extend the life of an asset are capitalized.

Long-Lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2024, 2023, and 2022.

Intangible Assets

Intangible assets include trade names and trademarks and are amortized using the straight-line method over the estimated useful life of 15 years. Such assets are periodically evaluated as to the recoverability of their carrying values.

Customer Deposits

Customer deposits represent down payments from customers for equipment and software purchases for which delivery of the related equipment or software has not yet been made.

Income Taxes

The Company accounts for income taxes in accordance with income tax accounting guidance (ASC 740, *Income Taxes*). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more-likely-than-not that some portion or all of a deferred tax asset will not be realized.

Tax positions are recognized if it is more-likely-than-not, based on the technical merits that the tax position will be realized or sustained upon examination. The term more-likely-than-not means a likelihood of more than 50%; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information.

The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to the management's judgment.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of December 31, 2024, 2023, and 2022, the unrecognized tax benefits accrual is zero. The Company will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

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Revenue Recognition

Proceeds from the sale of a franchise are recognized as revenue when the Company has performed substantially all services for the franchise as stipulated in the franchise agreement, generally at completion of new franchisee training and the start of business by the franchise. The Company requires the entire franchise price to be paid upon execution of the franchise agreement and consequently recognizes deferred revenue until all revenue recognition criteria have been met. Monthly continuing franchise fees are recognized as revenue as earned. Other franchise operations income includes fees for other services provided to franchises which are earned as the services are provided. The Company sold five franchises during the year ended December 31, 2024, and sold four franchises and six franchises during the years ended December 31, 2023 and 2022, respectively. The table below shows the number of franchisees and licensees in operation as of December 31, 2024, 2023, and 2022:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Franchises	41	36	37
Licensees	14	21	21
International	4	5	5
Total	<u>59</u>	<u>62</u>	<u>63</u>

Royalty Fees

The Company's royalty fees are based on a percentage of the franchisee's and licensee's gross sales subject to minimum amounts based on the types of programs offered as set forth in the franchise and license agreements. Over the last several years the Company has moved from a flat fee royalty offering to a percentage-based royalty. These fees are recognized as revenue by the Company in the period to which the billing to the franchisees and licensees relates.

Other Revenues

For all other types of revenue, the Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the fee for the arrangement is fixed or determinable and collectability is reasonably assured.

Sales Taxes

The Company has customers in states and municipalities in which those governmental units impose a sales tax on certain sales. The Company collects those sales taxes from its customers and remits the entire amount to the various governmental units. The Company's accounting policy is to exclude the tax collected and remitted from revenue and cost of revenue.

Advertising Costs

Costs incurred for producing and distributing advertising are expensed as incurred. The Company incurred advertising costs of \$135,586, \$134,759, and \$105,074, respectively, during the years ended December 31, 2024, 2023, and 2022.

Subsequent Events

The Company has evaluated subsequent events through March 21, 2025, the date which the financial statements were available to be issued.

Note 2. Leases

Accounting Policies

The Company determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Company determines lease classification as operating or finance at the lease commencement date.

The Company does not combine lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office buildings.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Company has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Company is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Company has elected not to record leases with an initial term of 12 months or less on the balance sheets. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

The Company has entered into the following lease arrangements:

Operating Leases

The Company leases office space that expired during 2023, at which time the Company exercised the renewal option and extended the lease for an additional five years. Lease payments have an escalating fee schedule of a 5% increase each year. Termination of the leases is generally prohibited unless there is a violation under the lease agreement. A portion of the leased space is subleased to a franchisee in a sublease that expired during 2023, at which time the Company exercised the renewal option and extended the lease for an additional five years.

The Company has no material related-party leases.

The Company's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

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Quantitative Disclosures

The lease cost and other required information for the years ended December 31, 2024, 2023, and 2022 is:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Lease cost			
Operating lease cost	\$ 143,554	\$ 119,795	\$ 105,271
Short-term lease cost	59,448	54,900	40,400
Sublease income	<u>(66,914)</u>	<u>(60,937)</u>	<u>(57,739)</u>
Total lease cost	<u>\$ 136,088</u>	<u>\$ 113,758</u>	<u>\$ 87,932</u>
Other information			
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	\$ 132,064	\$ 123,670	117,767
Weighted-average remaining lease term			
Operating leases	3.7 years	4.7 years	5.4 years
Weighted-average discount rate			
Operating leases	1.6%	1.6%	1.6%

Short-Term Leases

The Company leases warehouse space with lease terms less than 12 months. Total lease expense included in operating expenses for the years ended December 31, 2024, 2023, and 2022, was \$59,448, \$54,900, and \$40,400, respectively.

Future minimum lease payments at December 31, 2024 are:

	<u>Operating Leases</u>
2025	\$ 138,664
2026	145,596
2027	152,880
2028	<u>105,264</u>
Total future undiscounted lease payments	542,404
Less interest	<u>(16,659)</u>
Lease liabilities	<u>\$ 525,745</u>

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Note 3. Intangible Assets

Intangible assets and accumulated amortization are as follows:

	2024		
	Gross Carrying Amount	Accumulated Amortization	Net
Patents	\$ 207,253	\$ 207,253	\$ -
Trademarks	155,850	-	155,850
Intangible assets			
Trademarks and tradenames	<u>\$ 363,103</u>	<u>\$ 207,253</u>	<u>\$ 155,850</u>
	2023		
	Gross Carrying Amount	Accumulated Amortization	Net
Patents	\$ 207,253	\$ 207,253	\$ -
Trademarks	157,237	-	157,237
Intangible assets			
Trademarks and tradenames	<u>\$ 364,490</u>	<u>\$ 207,253</u>	<u>\$ 157,237</u>
	2022		
	Gross Carrying Amount	Accumulated Amortization	Net
Patents	\$ 207,253	\$ 207,253	\$ -
Trademarks	144,382	-	144,382
Intangible assets			
Trademarks and tradenames	<u>\$ 351,635</u>	<u>\$ 207,253</u>	<u>\$ 144,382</u>

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Note 4. Note Receivable

Notes receivable consist of the following at December 31:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Note receivable from franchisee, monthly principal payments of \$3,117 including interest at 5%, maturity date of November 2026, secured by underlying assets and franchise commitment	\$ -	\$ -	\$ 153,180
Note receivable from franchisee, monthly principal payments of \$1,000, maturity date of February 2024, secured by underlying assets and franchise commitment	1,810	1,810	14,000
Note receivable from franchisee, to be repaid at a future date, secured by underlying assets and franchise commitment	<u>54,718</u>	<u>56,036</u>	<u>65,036</u>
	56,528	57,846	232,216
Less current maturities	<u>(10,266)</u>	<u>(1,810)</u>	<u>(95,854)</u>
	<u>\$ 46,262</u>	<u>\$ 56,036</u>	<u>\$ 136,362</u>

Note 5. Notes Payable

On April 15, 2020, the Company received loan proceeds in the amount of \$168,900 under the Paycheck Protection Program (PPP). The PPP, established as part of the *Coronavirus Aid, Relief and Economic Security Act* (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks from the issuance date, as long as the Company uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The unforgiven portion of the PPP loan was payable at an interest rate of 1% after two years from the date of the note with interest paid monthly after a six-month deferral period. The Company used the proceeds for purposes consistent with the PPP. During 2021, the Company received notice that the PPP loan had been forgiven in full. On January 20, 2021, the Company received proceeds in the amount of \$169,863 from the second round of PPP loan funding. During 2022, the Company received notice that the second round of PPP loan funding had been forgiven in full.

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Notes payable as of December 31, 2024, 2023, and 2022 consisted of the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Non-interest bearing note payable to stockholder, principal and interest due on demand	\$ 1,695,000	\$ 1,260,000	\$ 730,000
Non-interest bearing note payable to stockholders, principal and interest payable monthly, due December 31, 2026	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,515,000</u>
	3,195,000	2,760,000	2,245,000
Less current maturities	<u>(3,195,000)</u>	<u>(1,260,000)</u>	<u>(730,000)</u>
Net notes payable outstanding	<u>\$ -</u>	<u>\$ 1,500,000</u>	<u>\$ 1,515,000</u>

During the years ended December 31, 2024, 2023, and 2022, the Company received proceeds from notes payable to stockholders in the amounts of \$435,000, \$530,000, and \$550,000, respectively.

Effective January 22, 2025, the Company entered into a new secured promissory note agreement with each of the stockholders listed above. The terms of the new agreement for each are as follows: The Company shall make payments equal to 10% of net income of the Company, in any month that the Company generates net income, until the notes are paid in full. The notes are paid in full upon a change in control or upon demand by the note holder. In the event of default, the full amount owed on the notes will become due immediately, and the unpaid balance on the notes will start to accrue interest at 18% per annum. The notes are secured by all the assets of the Company.

Based on the terms of the new agreements, the total amounts of these two loans will be shown at currently due on the balance sheet for the year ended December 31, 2024.

Note 6. Contract Liabilities

Contract liabilities as of December 31, 2024, 2023, and 2022, consist of the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Deferred franchise revenues	\$ 346,813	\$ 418,327	\$ 428,512
Less current portion	<u>(116,396)</u>	<u>(129,040)</u>	<u>(122,589)</u>
Total deferred revenue, less current portion	<u>\$ 230,417</u>	<u>\$ 289,287</u>	<u>\$ 305,923</u>

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Notes to Financial Statements
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Note 7. Income Taxes

Deferred tax assets and liabilities consist of the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Deferred tax assets (liabilities)			
Net operating loss carryforward	\$ 3,420,172	\$ 3,247,208	\$ 3,139,200
Deferred rent	-	-	1,400
Allowance for doubtful accounts	3,996	4,006	4,000
Deferred revenues	45,640	39,989	(4,200)
Timing of lease expense	3,947	1,123	-
Intangible assets	(34,747)	(34,307)	-
Property and equipment	42,769	40,650	(3,400)
	<u>3,481,777</u>	<u>3,298,669</u>	<u>3,137,000</u>
Less valuation allowance	<u>(3,481,777)</u>	<u>(3,298,669)</u>	<u>(3,137,000)</u>
Total deferred tax assets (liabilities)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Company has net operating loss carryforwards for federal and state tax purposes totaling \$14,393,860, \$13,658,915, and \$12,601,730 as of December 31, 2024, 2023, and 2022, respectively. The net operating loss carryforwards begin expiring in 2029. The general business credits begin expiring in 2033. At December 31, 2024, 2023, and 2022, the Company has recorded a valuation allowance of \$3,481,777, \$3,298,669, and \$3,137,000, respectively, as a result of determining that it is more-likely-than-not that a portion of the net operating loss carryforwards will not be utilized prior to expiration.

The income tax benefit for the years ended December 31, 2024, 2023, and 2022 consists of the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Benefit from income taxes	\$ -	\$ -	\$ 439

The reconciliation of income taxes calculated at the tax statutory rates to the Company's effective tax rate is set forth below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Income tax computed at			
federal statutory rates	21%	21%	21%
State taxes, net of federal tax benefit	4%	4%	4%
Change in income taxes resulting			
from valuation allowance	<u>-25%</u>	<u>-25%</u>	<u>-25%</u>
	<u>0%</u>	<u>0%</u>	<u>0%</u>

Note 8. Employee Benefit Plan

The Company has a qualified 401(k) plan which covers all employees who meet eligibility requirements. The Company's contribution to the Plan, as determined by the Board of Directors, is discretionary but may not exceed 15% of the annual aggregate compensation paid to all participating employees or 100% of the employees' contribution. Employees are also permitted to make voluntary contributions up to 15% of their annual aggregate compensation. There were no Plan contributions from the Company for the years ended December 31, 2024, 2023, and 2022.

Note 9. Commitments and Contingencies

Legal Proceedings

The Company is subject to legal proceedings and claims that arise in the ordinary course of business. The Company does not currently believe that the outcome of any of those matters will have a material adverse effect on the Company's financial position, operating results, or cash flows.

Note 10. Stock Warrants

The Company has outstanding stock warrants issued to two majority stockholders and one marketing consultant totaling 3,050 shares of stock. The warrants have an exercise price of \$337 and expire at various dates through May 2028. During the years ended December 31, 2024, 2023, and 2022, \$0 of expense has been recognized in connection with these stock warrants.

Note 11. Related-Party Transactions

As of December 31, 2024, 2023, and 2022, the Company had notes payables to two stockholders totaling \$3,195,000, \$2,760,000, and \$2,245,000, respectively. For the years ended December 31, 2024, 2023, and 2022, these notes were unsecured, noninterest-bearing and due on demand. See Note 5 for changes made to these notes subsequent to the year ended December 31, 2024.

Note 12. Preferred Stock

Holders of outstanding shares of Series A Preferred Stock are entitled to receive dividends, when, and if declared by the Company at a rate of \$15 per share payable in preference and priority to dividends or distributions on Series B Preferred Stock and Common Stock. Holders of outstanding shares of Series B Preferred Stock are entitled to receive dividends, when, and if declared by the Company at a rate of \$15 per share payable in preference and priority to dividends or distributions on Common Stock. The right to receive dividends on shares of Series A Preferred Stock and Series B Preferred Stock, whether or not declared, shall be cumulative. No dividends were declared during the year ended December 31, 2024. Cumulative unpaid dividends on Series A Preferred Stock totaled \$840,000 at December 31, 2024. Cumulative unpaid dividends on Series B Preferred Stock totaled \$1,500,150 at December 31, 2024.

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In the event of a sale, merger or any other liquidation, holders of outstanding shares of Series A Preferred Stock are entitled to receive, prior to and in preference to any distribution of any of the assets of the Company to the holders of the Series B Preferred Stock and the Common Stock, an amount per share of each Series A Preferred Stock held by them equal to 3.5 times the Series A Preferred Original Issue Price of \$300 per share, plus any dividends accrued but unpaid. Holders of outstanding shares of Series B Preferred Stock are entitled to receive, prior to and in preference to any distribution of any of the assets of the Company to the holders of the Common Stock, an amount per share of each Series B Preferred Stock held by them equal to 2.5 times the Series B Preferred Original Issue Price of \$300 per share, plus any dividends accrued but unpaid. The outstanding shares of Series A Preferred Stock and Series B Preferred Stock shall not be convertible into Common Stock.

Note 13. Employee Retention Credit

The *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act), and subsequent legislation, provides a refundable employee retention tax credit to eligible employers who meet either a gross receipts test or a government mandate test. The tax credit is equal to a specified percentage of qualified wages paid to employees subject to certain limits. The Company has elected to account for these employee retention credits by analogy to IAS 20. The Company has determined it qualifies for the credit and has claimed employee retention credits (ERC) of \$244,480 related to payroll taxes paid the year ended December 31, 2021. The amount is recorded as a reduction of expenses for the year ended December 31, 2022, the year in which the credit was applied for and received.

The following financial statements line items were affected for these transactions:

- Operating expenses – \$0

Laws and regulations concerning the employee retention credit are complex and subject to varying interpretation. These credits may be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Company's claim to the employee retention credit, and it is not possible to determine the impact this would have on the Company.

Note 14. Management's Plans for Operations

The financial statements for the Company are prepared using the generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has invested in long-term franchise system improvements and technology, which has led to losses from operations.

During the years ended December 31, 2024, 2023, and 2022, the Company experienced a net loss of \$716,485, \$751,216, and \$310,469, respectively, due primarily to the investments being made into franchise systems, marketing, and technology, the add-back of deferred employer taxes and awarding fewer new franchise locations than projected.

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Since the beginning of the 2020 COVID-19 crisis, the Company made significant changes to its service offering to improve franchise unit economics, expand into additional market segments, and changes to its expense lines to react to less-than-planned franchise sales. The Company's investments in improving system-wide performance were starting to be realized in 2024. As the Company's training centers Average Unit Volume (AUV) increased by 6% during the year; new center membership pre-sales consistently recognized 100 members within the first 100 days, with a new record set by one center of recording 100 members in the first six days post open. Training centers benefited from the introduction of a new online scheduling and point-of-sale system, a new customer relationship management system for tracking and managing leads generated through customer acquisition and referral marketing, athlete assessment technology that captured, recorded and reported training video, force and power data, plus a reporting system to share athlete development data; and the release of center-specific, a real-time Key Performance Indicator (KPI) dashboard that allows owners to better identify business issues, set priorities and establish action plans.

During 2024, Company continued its efforts to accelerate new training center openings and overall business scale, by transitioning in-house production of its Super Running Treadmill to Woodway USA, Inc. and outsourcing the manufacturing of its other proprietary equipment.

During 2024, the Company awarded two satellite locations and one franchise, while opening three new training centers. The Company began the year 2025 with strong momentum, having awarded three new franchises in January and February. It expects to award an additional eight franchises throughout the year, bringing the total to eleven new franchise agreements in 2025. Additionally, the Company opened one new Training Center in January and plans to open a total of seven new training centers during 2025.

The Company will continue to enhance franchise unit economics, invest further in technology, and expand its franchise footprint. Building on prior initiatives, the Company remains focused on improving training center economics, increasing athlete and business intelligence through technology, and advancing operational efficiency through best practices. In addition to these strategic priorities, the Company has commitments from its shareholders to provide additional funding if needed, ensuring continued growth and financial stability.

Note 15. Reliance on Third-Party Liquidity

The Company has incurred recurring losses and negative cash flows from operations. The Company has received a commitment from its stockholders to provide additional funds through April 1, 2026 to meet liquidity needs not covered by operating cash flows.

Note 16. Revenue from Contracts with Customers

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in Topic 606. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

As a franchisor, the Company's principal business is to sell franchises, which provide scientifically based, performance sports training programs. Franchise rights may be granted through a franchise agreement that sets out the terms of the arrangement with the franchisee. The franchise agreements require that the franchisee remit continuing/royalty fees to the Company based on the monthly revenues of the franchisees. The franchise agreements also require certain, upfront franchise fees such as initial fees paid upon opening of a franchise, fees paid for Business Acceleration Products (BAP), and fees paid in the event the franchise agreement is transferred to another franchisee.

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The Company earns membership fees from the corporate-owned stores. Members are in monthly memberships with unlimited access, punch passes (six group sessions), or annual memberships with unlimited access.

Equipment sales are distinct standalone transactions that take place between the franchisee and franchisor. Terms are FOB Shipping, title passes to franchisee when shipped. Installation services typically occur within the same week and are performed by the Company and reported separately. The franchisee is billed when the product is shipped for both the equipment and installation services. Install services are typically performed within a day or two of shipping. Any cutoff issues are expected to be immaterial as the Company typically does not ship equipment near year-end and any equipment in transit at year-end would have immaterial shipping charges associated with it.

Franchising

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreements require the franchisee to pay an initial, nonrefundable fee of \$55,000 and continuing royalty fees. Royalty and marketing fees are subject to minimums and are paid weekly. In 2014, the Company moved away from percentage of sales to a fixed fee structure for royalties and marketing fee payments. In 2018, the Company returned to a percentage of sales structure to determine royalty fees. Direct costs of sales and servicing of franchise agreements are charged to general and administrative expenses as incurred.

When an individual franchise is sold, the Company agrees to provide certain services to the franchisee, including on-boarding support, use of training protocols, site selection, systems implementation, business development, and design of a quality customer experience. The Company recognizes 60% of the initial fee when the agreement is signed, and certain franchise materials are provided. The remaining 40% of the initial fee is recognized as revenue when substantially all initial services required by the franchise agreement are performed, which is generally upon opening of a training center. Continuing fees are recognized as earned, with an appropriate provision for estimated uncollectible amounts charged to general and administrative expense.

Initial fees included in revenues for the years ended December 31, 2024, 2023, and 2022 were \$72,000, \$129,000, and \$150,000, respectively. Royalty fees earned during the years ended December 31, 2024, 2023, and 2022 were \$584,806, \$602,421, and \$510,865, respectively.

The Company determined that the services they provide in exchange for upfront franchise fees, which primarily relate to pre-opening training and other services, are individually distinct from the ongoing services they provide to their franchisees. As a result, these pre-opening fees are recognized upon the franchise opening, and completion of the related training. Revenues for these upfront franchise fees are recognized on a straight-line basis, which is consistent with the franchisee's right to use and benefit from the intellectual property. Revenues from continuing fees and upfront franchise fees are presented within franchise revenues in the statements of operations. Correspondingly, the commissions related to franchise sales are recorded as an asset and are recognized over the expected life of the franchise agreement in "cost of revenues."

Membership fees are recognized over the remaining expected life of the membership contract, which is usually 12 months or less.

Revenue from equipment sales is recognized when the equipment is shipped, and the installation is complete.

Accounting Policies and Practical Expedients Elected

Advertising fund contributions and expenditures are reported on a gross basis in the statements of operations. The assets and liabilities held by the advertising funds, are reported as restricted assets and liabilities of advertising funds, respectively, and are included within the respective balance sheets caption to which the assets and liabilities relate. Additionally, advertising costs that have been incurred by the Company outside of the advertising funds are included within advertising expenses in the statements of operations. The Company is also applying an accounting policy election, which allows an entity to exclude from revenue any amounts collected from customers on behalf of third parties, such as sales taxes and other similar taxes we collect concurrent with revenue-producing activities. Therefore, revenue is presented net of sales taxes and similar revenue-based taxes.

The Company has elected to use the portfolio approach to evaluate contracts. As a practical expedient, a portfolio approach is permitted if it is reasonably expected that the approach's impact on the financial statements will not be materially different from the impact of applying the revenue standard on an individual contract basis. In order to use the portfolio approach, an entity must reasonably expect that the accounting result will not be materially different from the result of applying the standard to the individual contracts.

The Company has elected to use the right to invoice practical expedient. This practical expedient allows an entity to recognize revenue in the amount of consideration to which the entity has the right to invoice when the amount that the entity has the right to invoice corresponds directly to the value transferred to the customer. That is, the invoice practical expedient cannot be applied in all circumstances because the right to invoice a certain amount does not always correspond to the progress toward satisfying the performance obligation. Therefore, an entity should demonstrate its ability to apply the invoice practical expedient to performance obligations satisfied over time.

EXHIBIT F

**List of Athletic Republic® Franchisees and Licensees and
Former Franchisees and Licensees as of December 31, ~~2023~~2024**

Franchisees that left the system in ~~2023~~2024 or that have not communicated with the franchisor within 10 weeks of the disclosure document amended date:

BlueStreak Sports Training
Stamford, CT
Jay Clement
(203) 969-2583

Athletic Republic
Boca Raton, FL 33434
Jeff Cohen
(561) 981-8326

Athletic Republic
Lehi, UT 84043
DJ Jarret
(435) 640-8551

~~Tim Bishop~~
~~Coekeysville, MD~~
~~(410) 785-2600~~

~~Mare Holmes~~
~~Little Rock, AR~~
~~(501) 300-7949~~

~~Andrew Coutts~~
~~Dublin, OH~~
~~(614) 718-9855~~

Current Franchisees (developers are indicated by asterisk):

CALIFORNIA

Athletic Republic
10557 Juniper Avenue
Fontana, CA 92337
(909) 228-8371
Joe Spiers
Franchise Date: 4.4.2019

~~Athletic Republic~~
6425 Naples Blvd.
Naples, FL 34109
(239) 695-7411
Carolyn Homberger
Franchise Date: 11.1.2021

504 College Drive
Albany, GA 31705
(229) 500-2000
Laura Glover
Franchise Date: 1.30.2019

CONNECTICUT

~~BlueStreak Sports Training~~
~~80 Largo Drive~~
~~Stamford, CT 06907~~
~~Phone: 203-969-2583~~
~~Jay Clement~~
~~Franchise Date: 4.30.2015~~

Athletic Republic
Parkland Rec Center
10559 Trails End
Parkland, FL 33076
(786) 493-9609
Bob Green
Franchise Date: 3.24.2014

INDIANA

Athletic Republic
8735 S US Hwy 31
Indianapolis, IN 46227
(463) 777-2697
Vandi Miranda
Franchise Date: 3.23.2022

FLORIDA

Athletic Republic
~~3013 W. Yamato Road, Suite B-14~~
~~Boca Raton, FL 33434~~
~~(561) 981-8326~~
~~Jeff Cohen~~
~~Franchise Date: 4.13.2020~~

GEORGIA

~~Athletic Republic~~
~~Kings Market~~
~~1425 Market Blvd. #527~~
~~Roswell, GA 30076~~
~~Max Aneke~~
~~Franchise Date: 9.14.2023~~

Athletic Republic
4301 Vogel Road
Evansville, IN 47715
(812) 474.3278
Debbie Reed
Franchise Date: 12.31.2016

Acceleration Indiana - North
~~9247 Castlegate Drive~~
~~Indianapolis 2340 Conner Street~~

Albany State University

Noblesville, IN 4625646060
John Gregnon
(317) 842-2702
Licensee Conversion

Athletic Republic
Noblesville Athletic Center
411 S. Harbor Drive
Noblesville, IN 46062
(463) 777-2697
Vandi Miranda
Franchise Date: 5.9.2024

IOWA

Athletic Republic
1808 Jackson Ave
Spirit Lake, IA 51360
(712) 336-4040
Levi Markwardt
Franchise Date: 5.6.2010

MARYLAND

Athletic Republic
U.S. LACROSSE HQ
2 Loveton Circle
Sparks, Maryland 21152
(410) 235-6882
Jay Dyer
Franchise Date: 6.29.2016

Athletic Republic
6417 Marlboro Pike
District Heights, MD 20747
(877) 753-0737
Carl Williams
Franchise Date: 6.22.2017

MASSACHUSETTS

Athletic Republic
290 Vanderbilt Ave.
Norwood, MA 02062
(781) 352-2501
Jason Sylvester
Franchise Date: 10.19.2009

MICHIGAN

Athletic Republic

14901 23 Mile Road
Shelby, MI 48315
(248) 743-1234
Daane Mallek
Franchise Date: 3.9.2018

Athletic Republic
2001 Dallavo Dr,
Commerce Charter Twp, MI 48390
(248) 716-1700
Daane Mallek
Franchise Date: 4.23.19

MINNESOTA

Athletic Republic
c/o The Ralph Englestad Arena
525 North Brook Avenue
Thief River Falls, MN 56701
(218) 681-2183
Tim Bergland
Franchise Date: 12.5.2008

MISSOURI

Athletic Republic
10407 Clayton Rd.
Frontenae 1033 Corporate Square
Creve Coeur, MO 6313163132
(314) 432-6103
Dale Huff
Franchise Date: 9.29.2009

NEW JERSEY

Athletic Republic
20 Route 10 West
Succasunna, NJ 07876
(862) 465-9119
Richy Castro
Franchise Date: 2.28.2016

Athletic Republic
2036 Briggs Rd #300
Mount Laurel, NJ 08054
(856) 581-9120
Christian Lee
Franchise Date: 10.6.2017

NEW YORK

Athletic Republic
90 Clowes Ave
Goshen, 1742 NY 10924-17A
Greg Voloshin
Florida, NY 10921
(845-318-1303Marz Garcia
Franchise Date: 1.12.21

Athletic Republic
Chelsea Piers
Pier 60
New York, NY 10011
(212) 336-6123
Franchise Date: 1.26.2007

NORTH CAROLINA

Athletic Republic
605 Mills Park Drive
Cary, NC
(919) 230-0899
Alen McKnight
Franchise Date: 3.2.2020

NORTH DAKOTA

Athletic Republic
5451 53rd Ave. South
Fargo, ND 58104
(701) 515-0171
Harry Wood
Franchise Date: 6.2.22

Athletic Republic - ASK
3516 North Broadway
Minot, ND 58703
(701) 839-3139
Jay Lundeen
Franchise Date: 1.20.2006

NEVADA

Athletic Republic
9333 Double R Blvd #1500
Reno, NV 89521
(775) 451-3277

Jeff [Heinemann](#) [Franchise](#) [Heinemann](#)
[Franchise](#) Date: 6.2.2022

OHIO

Athletic Republic
10861 Millington Court
Blue Ash, OH 45242
(513) 300-0582
Zachary James
Franchise Date: 7.1.2019

Athletic Republic
3830 Woodley Road
Toledo, OH 43623
(419) 882-0661
Jeff Seemann
Franchise Date: 2.26.2007

OREGON

[Athletic Republic](#)
[710 NE Holladay St.](#)
[Portland, OR 89521](#)
[\(503\) 542-2744](#)
[Jerod Cottrill](#)
[Franchise Date: 3.11.22](#)

PENNSYLVANIA

Athletic Republic
12620 Perry Highway
Wexford, PA 15090
(412) 347-4047
Betty Rich
Franchise Date: 11.20.2013

Athletic Republic
3356 Birney Avenue – Birney Mall
Moosic, Pennsylvania 18507
(570) 346-2929
Lynn Distasio
Franchise Date: 2.3.2016

Athletic Republic
220 East Center Hill Road
Dallas, Pennsylvania 18612
(570) 675-2600
Lynn Distasio
Franchise Date: 2.3.2016

SOUTH DAKOTA

Athletic Republic*
c/o Avera Human Performance
Center
6800 E Louise Ave.
Sioux Falls, SD 57105
(605) 322-5182
Jason Askew
Franchise Date: 12.30.2009

[Avera Queen of Peace Health](#)
[Services](#)
[525 North Foster](#)
[Mitchell, SD 57301](#)
[Phone: 605-995-0161](#)
[Avera Master Agreement](#)

[Avera Orthopedics](#)
[310 22nd Avenue](#)
[Brookings SD 57006](#)
[\(605\) 696-2700](#)
[Avera Master Agreement](#)

TENNESSEE

Athletic Republic
8425 Kingston Pike
Knoxville, TN 37919
(865) 855-3278
Adam Scott
Franchise Date: 2.18.22

TEXAS

Athletic Republic
3101 Fit Sport Life Blvd. #101
Rockwall, TX 75032
(469) 653-3345
Jhony Lopez
Franchise Date: 2.11.22

Athletic Republic
4023 SW Avenue
Amarillo, TX 79110
Brandon Brown
Franchise Date: 12.15.23

[Athletic Republic](#)
[13621 Neutron Road.](#)
[Farmers Branch, TX 75244](#)
[\(469\) 945-6683](#)
[Vincent Chase](#)
[Franchise Date: 10.30.2023](#)

UTAH

Athletic Republic
3126 Quarry Rd, Suite F
Park City, UT 84098
(435) 729-7230
Shae Sims
Franchise Date: 5.31.2021

Franchise Date: 8.18.2017

~~Athletic Republic~~
340 W Antelope Dr.
Clearfield, UT 84015
(385) 332-3871
Troy Barker
Franchise Date: 9.9.21

Shea Sims
Franchise Date: 12.1.2022

Athletic Republic
~~247 S. Millpond Drive Suite 500~~
~~Lehi, UT 84043~~
~~(435) 640-8551 DJ Jarret~~

Athletic Republic
8860 S Redwood RD
West Jordan, UT 84088
(385) 855-2007

Franchisees Sold but not Opened as of 12.31.2023/2024

GEORGIA ARIZONA

Athletic Republic
~~Roswell, GA~~
~~Max Aneke~~
~~Franchise Date: 9.14.2023~~

CALIFORNIA

Athletic Republic
San Diego, CA
Lily Sun Higman
Franchise Date: 3.14.2025*

KENTUCKY

Athletic Republic
Louisville, KY
Chris Paul
Franchise Date: 9.9.24

OREGON

~~Athletic Republic~~
~~Portland, OR~~
~~Jerod Cottrill~~
~~Franchise Date: 3.11.22~~

No. Phoenix
Steve Padgett
Franchise Date: 1.30.2025*

PENNSYLVANIA

Athletic Republic
Doylestown, PA
Eric Clever
Franchise Date: 12.30.2024

*Agreements signed after
December 31, 2024, and not
included in Item 20 tables

TEXAS

Athletic Republic
Odessa, TX
Matt Burleson
Franchise Date: 3.31.2023

TEXAS

Athletic Republic
~~North Dallas~~Spring, TX
~~Vincent Chase~~
~~Franchise Date: 10.30.2023~~

UTAH

Victor Bennett
~~Athletic Republic~~
Heber City, Utah
Dan Ivie
Franchise Date:
~~12.22.2016~~2.5.25*

Current US Licensees:

CALIFORNIA

Stanford University
450 Sierra Mall
Stanford, CA 94305

~~COLORADO~~

ILLINOIS

Carle Foundation Hospital
Sports Medicine
810 West Anthony Drive
Urbana, IL 61802
Phone: 217-326-1965

Sports Enhancement Center
2406 East Empire
Bloomington, IL 61704
Phone: 309-663-9300

IOWA

Sioux City Acceleration
2800 Pierce Street
Suite 120B
Sioux City, IA 51103
Phone: 712-279-3278

MINNESOTA

University of Minnesota
Mariucci Arena Room 137
1901 4th Street SE
Minneapolis, MN 55455
Phone: 612-626-7845

NEW YORK

Cornell University
Hockey Office – Lynah Rink
Ithaca, NY 14853-6501
Phone: 607-255-4171

~~NORTH CAROLINA~~

~~Carolina Acceleration Sports
Training
3917 High Point Road
Greensboro, NC 27407
Phone: 336-299-6266~~

NORTH DAKOTA

Dickinson State University
C/O Athletic Department
291 Campus Drive
Dickinson, ND 58601
Phone: 701-483-2181
~~Heart of America Medical Center
800 Main Avenue S.
Rugby, ND 58368
Phone: 701-776-5261~~

~~SOUTH DAKOTA~~

~~Avera Health System
305 South State
Aberdeen, SD 57401
Phone: 605-622-5871~~

~~Avera Queen of Peace Health
Services
525 North Foster
Mitchell, SD 57301
Phone: 605-995-0161~~

UTAH

Intermountain Acceleration
115 E 2580 So
St. George, UT 84790
Phone: 435-251-2299

Intermountain Acceleration
Be More Center
1871 W. Canyon View Dr.
St George, UT 84790
Phone: 435-251-2299

Phone: 801-314-4040

Sorenson High Performance Ctr
University of Utah
1825 E South Campus Dr
Salt Lake City, UT 84112
(520) 234-2216

~~Aurora BayCare Medical Center
2845 Greenbriar Road
Green Bay, WI 54311
Phone: 920-288-8209~~

Intermountain HealthCare-TOSH
5848 South Fashion Blvd 300 E
Murray, UT 84107

~~WISCONSIN~~

[Current International Franchisees](#)

AUSTRALIA

Athletic Republic
5/5 Cedarbrook Drive
Forest Glen, QLD 4556

J JAPAN

Total Workout
Roppongi Hills
Tokyo , Japan 106-0032

Total Workout
Shibuya-Ku, Japan 150-0044

Total Workout
Fukuoka, Japan 810-0801

EXHIBIT G

FRANCHISEE QUESTIONNAIRE

NOTICE FOR PROSPECTIVE FRANCHISEES WHO RESIDE IN, OR WHO INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES : CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI (EACH A REGULATED STATE) : FOR PROSPECTIVE FRANCHISEES THAT RESIDE IN OR ARE SEEKING TO OPERATE THE FRANCHISED BUSINESS IN ANY REGULATED STATE, DO NOT COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.

As you know, Athletic Republic, Inc. (the “Franchisor”) and you are preparing to enter into a Franchise Agreement for the operation of an Athletic Republic® Franchised Business (the “Franchise”). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest responses to each question.

QUESTION	YES	NO
1. Have you received and personally reviewed the Franchisor’s disclosure document (the “disclosure document”) provided to you?		
2. Did you sign a receipt for the disclosure document indicating the date you received it?		
3. Do you understand all of the information contained in the disclosure document?		
4. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?		
5. Please insert the date on which you received a copy of the Franchise Agreement with all material blanks fully completed: _____		
6. Do you understand the terms of and your obligations under the Franchise Agreement?		
7. Have you discussed the benefits and risks of operating the Franchise with an attorney, accountant or other professional advisor?		
8. Do you understand the risks associated with operating the Franchise?		
9. Do you understand that the success or failure of the Franchise will depend in large part upon your skills and abilities, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?		
10. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Franchise that is contrary to, or different from, the information contained in the disclosure document?		
11. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchise will generate that is contrary to, or different from, the information contained in the disclosure document?		
12. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs involved in operating the Franchise that is contrary to, or different from, the information contained in the disclosure document?		

QUESTION	YES	NO
13. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual, average or projected profits or earnings or the likelihood of success that you should or might expect to achieve from operating the Franchise that is contrary to, or different from, the information contained in the disclosure document?		
14. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance relating to the Franchise that is contrary to, or different from, the information contained in the disclosure document?		

If you answered “Yes” to any of questions ten (10) through fourteen (14), please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered “No” to each of the foregoing questions, please leave the following lines blank.

You understand that your answers are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

FRANCHISE APPLICANT

_____, 202____

EXHIBIT H

CONFIDENTIAL DISCLOSURE AGREEMENT

Athletic Republic Inc. (“we” or “our”) and the undersigned (“you”) are interested in discussing the possibility of you (or an entity controlled by you) becoming a franchisee. In the course of such negotiations we may share with you information, knowledge and know-how, including systems, manuals, plans, methods, procedures, techniques, records, market research, supplier lists, materials, specifications, information systems, and other information (collectively, the “Confidential Information”) to enable you to decide if you wish to become an Athletic Republic® franchisee. We require that our Confidential Information be maintained in strict confidence and that you not copy or attempt to duplicate in any way the Athletic Republic® concept based on use of the Confidential Information.

Your acceptance of the terms of this confidential disclosure agreement indicates that:

1. You agree to maintain as confidential the Confidential Information;
2. You agree not to disclosure the Confidential Information to anyone without our prior written approval;
3. You agree to use the Confidential Information only in connection with your consideration of becoming an Athletic Republic® franchisee;
4. You agree not to reproduce any of the Confidential Information and to return to us all Confidential Information received by you immediately upon our request;
5. You agree to be bound by the foregoing obligations at all times, whether or not you become an Athletic Republic® franchisee.

Upon a breach or threatened breach by you of this Agreement, we are entitled to immediate injunctive relief and any other equitable remedies, as well as all available remedies at law, and to recover costs and expenses (including legal fees) incurred to enforce our rights under this Agreement.

Accepted and agreed:

Date: _____, 202__

Signature

Print Name

EXHIBIT I

2024EXHIBIT I

2025 OPERATING MANUALS
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NETBALL

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—190210

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Digital Marketing Guide
Interior Branding Catalogue
Marketing 365 Workbook & Seasonal Poster
Marketing Campaign Activation Guides
Black Friday Gift Card promotion
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How to Draft Athletes (Referral & Retention)
Reputation Management Best Practices
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TRAINING TRIAL

EXHIBIT J

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

STATE	EFFECTIVE DATE
California	May 9, 2024
Florida	Effective
Hawaii	Not Registered
Illinois	March 26, 2024
Indiana	March 26, 2024
Kentucky	Exempt
Maryland	May 10, 2024
Michigan	Effective
Minnesota	April 15, 2024
Nebraska	Exempt
New York	April 18, 2024
North Dakota	April 19, 2024
Rhode Island	Effective
South Dakota	March 26, 2024
Texas	Exempt
Utah	Effective
Virginia	March 26, 2024
Washington	April 25, 2024
Wisconsin	March 26, 2024

In all other states, the effective date of this Franchise Disclosure Document is the Issuance Date is March 21, ~~2025~~2024.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Athletic Republic, Inc. 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.

Those states identified in Exhibit A with "Effective Dates" may require us to provide you a copy of this disclosure document upon the earlier of (i) our first personal meeting, (ii) 14 calendar days before you sign a binding agreement with, or make a payment to us; or (iii) 10 business days before you sign a binding agreement with, or make a payment to us. Specifically, New York law 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 agreement, or other agreement, or the payment of any consideration that relates to the franchise relationship. In all such cases, we will provide you a copy of the disclosure document by or before the date mandated by the laws of the particular state.

If Athletic Republic, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

The franchise seller is Athletic Republic Inc., located at 3126 Quarry Road, Suite F, Park City, Utah and telephone number is (435) 647-9000. A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows: Charlie Graves, 3126 Quarry Road, Suite F, Park City, Utah (435) 647-9000

Issuance Date: March 21, ~~2024~~2025

See Item 1 and Exhibit A for our registered agents authorized to receive service of process. I have received a disclosure document dated March 21, ~~2025~~2024, that includes the following Exhibits:

- A. STATE SPECIFIC ADDENDUM
- B. STATE FRANCHISE ADMINISTRATORS
- C. FRANCHISE AGREEMENT
- D. AREA DEVELOPMENT AGREEMENT
- E. FINANCIAL STATEMENTS
- F. LIST OF FRANCHISEES AND FORMER FRANCHISEES, AND LICENSEES AND FORMER LICENSEES
- G. FRANCHISEE QUESTIONNAIRE
- H. CONFIDENTIAL DISCLOSURE AGREEMENT AND RECEIPT
- I. TABLES OF CONTENTS OF THE OPERATING MANUALS
- J. STATE EFFECTIVE DATES

Dated: _____ PROSPECTIVE FRANCHISEE: _____

If a business entity: _____ If an individual: _____

By: _____ (Print Name)

Its: _____

Please sign this copy of the receipt, date your signature, and return it to Athletic Republic Inc. 3126 Quarry Road, Suite F, Park City, Utah 84098. This disclosure document is also available in PDF format through e-mail.

Copy for Prospective Franchisee

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Athletic Republic, Inc. 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.

Those states identified in Exhibit A with "Effective Dates" may require us to provide you a copy of this disclosure document upon the earlier of (i) our first personal meeting, (ii) 14 calendar days before you sign a binding agreement with, or make a payment to us; or (iii) 10 business days before you sign a binding agreement with, or make a payment to us. Specifically, New York law 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 agreement, or other agreement, or the payment of any consideration that relates to the franchise relationship. In all such cases, we will provide you a copy of the disclosure document by or before the date mandated by the laws of the particular state.

If Athletic Republic, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

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