

FRANCHISE DISCLOSURE DOCUMENT



Kline Franchising, LLC
a North Carolina limited liability company
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The franchise offered is for the operation of a fitness boot camp under the Burn Boot Camp® mark and system specializing in focused fitness programs that are complemented by nutritional and goal setting assistance, as well as the Burn App, which is an interactive virtual application to help Members manage their personal fitness journey. The programs are individually and family centric and open to everyone that finds them beneficial to their personal fitness and nutritional goals, weight loss, muscle strength, and improved confidence.

The total investment necessary to begin the operation of a Burn Boot Camp® franchise ranges from ~~\$221,324~~\$266,324 to \$823,123. This includes ~~\$53,500~~\$98,500 to \$103,248 that must be paid to the franchisor or an affiliate.

We also offer to qualified persons the right to develop multiple “Burn Boot Camp®” businesses within a specific geographic area under an area development agreement. The total investment necessary to begin the operation of a Burn Boot Camp® area development franchise of two (minimum) franchises, including the development fees the required initial investment, ranges from \$326,324 for two franchises to \$1,113,123 to 10 franchises. This includes \$158,500 to \$393,248 that must be paid to the franchisor or an affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Amber Burke at 17036 Kenton Dr., Suite 100, Cornelius, North Carolina 28031 or at 1-833-289-2876.

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

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

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

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 or litigation only in North Carolina. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in North Carolina than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.
4. **Significant Expansion.** During the last 3 years, the franchisor expanded significantly and plans to continue to expand aggressively. This franchise is likely to be a riskier investment than a franchise that grows gradually.
5. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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 high.

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ITEM 5: INITIAL FEES

Initial Franchise Fee

The initial franchise fee for a single franchise (“Initial Franchise Fee”) is \$60,000. The Initial Franchise Fee is nonrefundable and payable in lump sum.

If we determine that you are financially and operationally qualified to develop multiple locations, we may offer you the opportunity to enter into a Development Agreement, in which you will commit to develop a certain number of locations (minimum of two) that you and we consider appropriate. If you enter into a Development Agreement, the Initial Franchise Fee (referred to collectively as the “Development Fee”) will vary based on the number of locations that you commit to develop. If you commit to develop between one and two locations, the Development Fee will be \$60,000 per location. If you commit to develop between three and five locations, the Development Fee will be \$45,000 per location. If you commit to develop between six and nine locations, the Development Fee will be \$40,000 per location. If you commit to develop ten or more locations, the Development Fee will be \$35,000 per location. You must pay us the entire Development Fee at the time you sign the Development Agreement, and all such Development Fees are nonrefundable. We will not charge an additional fee when you sign a Franchise Agreement for each Business developed under the Development Agreement.

Except for the military discount, area developer discount and Build Your Empire program discussed further below, the Initial Franchise Fee is uniformly imposed for all franchisees currently buying a franchise. During the fiscal year ending December 31, 2025, we collected fees ranging from \$15,000 to \$60,000, as part of our 2025 Build Your Empire program for qualifying franchisees.

We participate in the International Franchise Association’s VetFran Program. If one of your owners with at least a 50% interest in the Business is a veteran honorably discharged from the U.S. Armed Forces or on active duty in the U.S. Armed Forces at the time the Franchise Agreement is executed, we will reduce the initial franchise fee by 15%.

Build Your Empire Program

If you are an existing franchisee in good standing and meet our qualifications, we may approve you to be a part of our “Build Your Empire” (“B.Y.E.”) program to develop additional Units. Our Build Your Empire program rewards qualifying Franchise Partners by offering significant financial incentives to encourage and support expansion and multi-unit growth. The 2026 B.Y.E. program will only be offered through December 31, 2026 (“Incentive Period”). We may eliminate, extend or change the terms of the B.Y.E. program in our sole and absolute discretion prior to the aforementioned date.

Franchise Partner Referral Reward

In addition to the B.Y.E. Program, we also have a Franchise Partner Referral Reward Program. Participation in this program is standalone and does not require participation in securing additional territories. Franchise Partners are encouraged to refer candidates to join the Burn Boot Camp® system. The reward will not be paid unless the referred party executes a Franchise Agreement. This program is available for all Franchise Partners that are listed on your Franchise Agreement. The cash reward is limited to one reward per new Franchise Agreement signed. The reward is not available for referrals associated with re-sale (transfer) candidates, leads currently in our system, or existing Franchise Partners purchasing an additional Business. This referral program may be altered, modified or terminated at any time.

Initial Inventory Package

Type of Fee ¹	Amount	Due Date	Remarks
Transfer Fee	\$12,500	Prior to or at time of transfer	<p>All transfers are subject to our right of first refusal (except those partial ownership transfers). If the transferee was already in our lead database at the time of first contact between you and the transferee, we may require you to pay the amount of any broker fees that we are responsible for paying to third parties (which does not include our employees). Partial transfers of ownership interests in the entity that is currently the franchisee under the Franchise Agreement, where there is no change in control of franchisee, are not subject to the transfer fee, but are subject to the Admin & Legal Services Fee.</p>
Relocation Fee	If we grant your relocation request for a new location within your existing Territory, you must pay us a relocation fee of \$15,000	When we approve your request to relocate	<p>Payable if we approve your request to relocate your Business. If we approve your relocation request, we reserve the right to approve your new site location in the same manner and under the same terms that are applied to your first site selection.</p> <p>You may not relocate outside your territory. If you desire to develop a gym at a location outside of your territory, you must purchase a separate franchise and pay our then-current initial franchise fee.</p>

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

A. Franchise Agreement

Estimated Initial Investment – Single Franchised Business					
Type of Expenditure ¹	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ²	\$15,000 <u>\$60,000</u>	\$60,000	Lump sum	At time you sign Franchise Agreement	Us
Technology Systems ³	\$11,690	\$30,090	As incurred	Before Opening	Suppliers
Technology Fees ⁴ (Pre-opening and 3-month period after opening)	\$5,760	\$7,500	As incurred	Before opening and monthly	Us
Exercise and Safety Equipment, Furniture and Fixtures ⁵	\$29,935	\$61,950	As incurred	Before Opening	Suppliers
Real Estate ⁶ (security deposit)	\$3,373	\$30,000	As incurred	Before Opening	Landlord
Real Estate (estimated 3 months' rent) ⁷	\$3,236	\$45,669	As incurred	3 months after opening	Landlord
Pre-Opening Payroll ⁸	\$1,400	\$16,066	As incurred	About 3 months prior to opening	Staff members
Leasehold Improvements ⁹	\$84,104	\$369,816	As incurred	Before Opening	Landlord
Initial Inventory Package ¹⁰	\$4,460	\$7,488	Lump sum.	Before Opening	Affiliate (Burn Retail)
Operating Supplies ¹¹	\$500	\$11,034	As incurred	Before Opening	Suppliers
Janitorial Expenses	\$532	\$1,200	As incurred	As incurred	Suppliers
Grand Opening Marketing ¹² (Pre-opening and 3-month period after opening)	\$30,000	\$30,000	As incurred	After signing Franchise Agreement through 90 days after opening	Suppliers and/or Affiliate (Burn Media Co)

Estimated Initial Investment – Single Franchised Business					
Type of Expenditure ¹	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Insurance ¹³ (3 months' premium)	\$750	\$1,500	Lump sum	Before Opening	Insurance company
Travel, Lodging and Meals for Initial Franchisee Education Program ¹⁴	\$600	\$6,000	As incurred	As Incurred	Suppliers
Legal and other professional fees ¹⁵	\$3,299	\$75,400	As incurred	Before Opening	Appropriate licensing authorities and suppliers
Additional Funds ¹⁶ (3 months post opening)	\$26,685	\$99,500	As incurred	Spent over the course of first 3 months	Suppliers
Total ¹⁷	\$221,324 <u>\$266,324</u>	\$823,123			

Notes:

Note 1: Unless otherwise stated in this Item, all payments to us are non-refundable. For any amounts paid to third parties, the availability and conditions under which you may obtain refunds will depend on the terms offered by those third-party suppliers. We do not offer direct or indirect financing.

Note 2: The standard Initial Franchise Fee is \$60,000. However, if you qualify for certain programs, including our Development Program, Build Your Empire Program, or VetFran Program, your Initial Franchise Fee may be lower. See Item 5 for details.

Note 3: This includes the costs for a computer, iPads, software, credit card processing equipment, printer, scanner, wireless router, networking equipment, copier, sound system, microphone system, security cameras, a telephone and optional Mindbody payments hardware. Prices subject to change, including due to price changes from product manufacturers.

Note 4: You must pay us a monthly technology fee commencing immediately after signing the Franchise Agreement. The technology fee is \$100 per month for the month in which you sign the Franchise Agreement through the month in which you sign your lease or purchase contract for your Facility. The technology fee increases to \$860 per month for each subsequent month. The amount of the technology fee may change from time to time as further discussed in Item 6, not to exceed \$1,500 per month. We estimate that a typical franchisee will need 6 months to sign their lease or purchase contract and an additional 4-6 months to open, which results in pre-opening technology fees ranging from \$4,040 to \$5,760. This estimate includes the total estimated technology fees paid prior to opening (\$3,840 to \$4,440. and during the 3-month period after opening (\$2,580). This range is only an estimate and may be higher based off delays in opening.

Estimated Initial Investment – Area Development Franchise					
Type of Expenditure ¹	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Total Initial Investment	\$326,324	\$1,113,123			

Notes:

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

Note 2:

The Development Fee is calculated as the sum of all aggregate Initial Franchise Fees for all Businesses you commit to develop under the ADA, with a minimum of two franchised businesses. The Development Fee ranges between \$120,000 for 2 locations and \$350,000 for 10 locations. You do not pay a separate Initial Franchise Fee for any Business developed under an ADA. The low estimate assumes you purchased 2 locations while the high estimate assumes you purchased more than 10 locations.

Note 3: This figure represents the total estimated initial investment to develop the first Business to be developed under the ADA (from the table in Item 7(A) above), less the Initial Franchise Fee (which is included in the Development Fee). It does not include the cost to open the second or any subsequent Business.

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Members can download the Burn App through the Google Play Store or Apple App Store. Burn On Demand can be purchased through the Burn App or directly from Burn Boot Camp® franchised locations.

Our affiliate, Burn Retail, is currently the only approved supplier for all branded apparel (including employee uniforms), nutritional supplements and various accessories to be purchased by you for the operation of your Business, including all items included within the Initial Inventory Package. Burn Retail is also currently the only approved supplier for certain exercise equipment purchased after opening, including equipment needed to replace worn out or damaged equipment and new or additional equipment that you choose to add to your facility. Currently, you must purchase all advertising, promotional and marketing materials and miscellaneous forms and updates from our approved supplier. Our affiliate, Burn Media, is an approved supplier, but not the only approved supplier, for marketing services. Our affiliate Burn On Demand is currently the only approved supplier of the Burn App. Our Visionary/Co-Founder, Devan Kline, owns an interest in Burn Retail, Burn Media and Burn On Demand. Our CEO/Co-Founder, Morgan Kline, owns an interest in Burn Retail. There are no other approved or designated suppliers in which any of our officers owns an interest.

If you want to purchase or lease a new source restricted item, or purchase or lease an existing source restricted item from a non-approved supplier, you must send us a written request for approval and submit any additional information that we request in the manner in which we request it. We may require you to submit to us sufficient specifications, photographs, drawings or other information and samples to determine whether the items meet our specifications and require third party testing, in which case you will pay the actual cost of the tests. We may require that the proposed supplier provide certain information, sign a nondisclosure agreement, and agree to guarantee our level of quality and produce sufficient samples to allow us to test the sample at your expense. We will notify you of our approval or disapproval within 30 days after we receive your request for approval plus all additional information and samples that we require. We may, at our option, re-inspect the facilities and products of any approved supplier and revoke our approval if the product and/or supplier fails to meet any of our then-current criteria. We will notify you by email, updates to the Operations Manual or any other written form of communication of our approval, disapproval, or revocation of any prior approval, of any equipment, product, or supplier.

Current Source-Restricted Purchases

As described below in more detail, we currently require that you purchase or lease the following source restricted goods and services: site selection services; the lease for your Facility; the design and buildout of your Facility; fixtures and furnishings; exercise equipment and supplies; technology systems; signage; uniforms; inventory; operating supplies; marketing materials and services; call center services; merchant processing services; insurance policies; and maintenance and remodeling of your Facility. We estimate that 55% to 65% of the total purchases and leases that will be required to establish your Business and 30% to 35% of your ongoing purchases and leases will consist of source restricted goods or services.

Site Selection Services

You must use a real estate search consultant or broker that we have pre-approved to assist you in your real estate search. You are also required to work with our Real Estate team and submit a complete Site Acceptance Package to obtain our written approval of your proposed site. ~~The designation of a search area is solely for the purpose of identifying a general geographic region in which you may attempt to locate and develop a Franchised Business and does not constitute a representation, warranty, or guarantee that suitable sites are available within that area. We do not represent or warrant that rental rates will be commercially reasonable, that landlords will negotiate on terms acceptable to you, or that you will be able to secure a location that satisfies our site selection criteria and approval standards. Site approval is granted in our sole discretion. The availability, suitability, and economic viability of any proposed site are subject to market conditions and other factors beyond our control. You are solely responsible for conducting all due diligence, evaluating site economics, negotiating lease terms, and determining whether development within the designated area is appropriate based on your independent business judgment and risk tolerance. Your inability to identify, secure, or develop an~~

~~approved site within the designated search area does not relieve you of any obligations under your Franchise Agreement or any applicable Development Agreement, including development deadlines and related performance requirements.~~

Lease for Your Facility

You must also submit the proposed lease to us for acceptance at least 30 days prior to execution. Our approval of the lease does not constitute our opinion that the lease is sufficient to meet all of your obligations under your Franchise Agreement, and we do not perform a legal review of the lease on your behalf. ~~You should consult your independent legal counsel for a review of the Lease and its terms.~~ As a condition of our acceptance, the Lease must include our the-current form of the Conditional Collateral Assignment of lease and landlord Consent (the “Franchisor Lease Rider”), or such alternative provision as we may approve in writing in our sole discretion. The collateral assignment allows us to secure performance of your liabilities and obligations to us through which your landlord grants us the unconditional right to assume and/or assign your rights and obligations under the lease in the event that you breach your lease and/or your Franchise Agreement is terminated or expires. You must ensure that the lease permits sounds and vibrations consistent with the activities described in this Disclosure Document and in our Operations Manual that will take place in your Facility. ~~Our acceptance does not constitute a representation or warranty that the Lease is financially favorable to you or sufficient to meet your legal, financial or operational obligations.~~

Design and Buildout of your Facility

We will provide you with floor plans and mandatory specifications for the construction of a Burn Boot Camp[®] Business, including the exterior and interior design. We require you to hire an architect to create a complete set of drawings based on your building size and local permitting requirements. It is your responsibility to confirm that your Business satisfies all state and local zoning ordinances, regulations, fire, health and building codes. Your construction plans must comply with our standards and specifications and you must submit them to us prior to construction commencement for approval. We will notify you of our approval or disapproval within 30 days after we receive your request for approval plus all additional information and samples that we require. We will not modify the final set of drawings, architectural plans, floor plans, schematics and/or specifications for the Business developed by you once those final set of drawings, architectural plans, floor plans, schematics and/or specifications have been approved by us and given to you. You must purchase and install the rubber flooring and floating flooring system that we designate. You must purchase the flooring exclusively from suppliers that we designate. We may require you to use approved suppliers for all leasehold improvements. Once constructed, you must furnish and equip your Facility in compliance with the requirements in the Operations Manual. You may not install or permit to be installed on the Facility premises any fixtures, furnishings, exercise equipment, décor items, signs, games, vending machines or other items without our written consent or that do not comply with our specifications.

Furniture and Fixtures

All of your furniture and fixtures (e.g., body fat analyzers, tables, pull up systems, dehumidifiers, lockers, shelving units, racking systems, etc.) must comply with our standards and specifications. You must purchase these items only from suppliers that we designate or approve.

Exercise Equipment and Supplies

All of your exercise equipment and supplies (e.g., dumbbells, kettlebells, pull up systems, med balls, agility equipment, jump ropes, heavy bags, sand bags, soft plyo boxes, resistance cords and bands, etc.) must meet our standards and specifications. You may only utilize the exercise equipment and supplies that we designate from time to time. You are strictly prohibited from using or selling any other exercise equipment or supplies. We will provide you with a written list of approved exercise equipment and supplies ahead of opening your Franchised Business. You may not use, offer or sell any exercise equipment, accessory or supply that has not been authorized by us. You must purchase all of your

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

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

Pre-Opening Obligations: We or our designee will provide you with the following assistance prior to opening:

1. We will define the territory within which you must operate the Business. (Franchise Agreement, Section III).
2. Provide you with written specifications for all computers, iPads, software, exercise equipment, furnishings, fixtures and signage necessary for the operation of your Business, and a written list of all approved suppliers to purchase all exercise equipment, products, supplies and services from that you are authorized to use, offer and sell in your Business. Burn Retail will deliver to your Facility all of the items included within the Initial Inventory Package that you must purchase. Neither we nor our affiliates deliver or install any other items that you are required to purchase before opening. (Franchise Agreement Sections XVII.H and XVII.I).
3. Make available to you in electronic form during the term of the Franchise Agreement our confidential Operations Manual, which may include other manuals or other written materials for the operation of a Burn Boot Camp® business, containing mandatory and suggested specifications, standards and operating procedures required by us and information relative to your other obligations under the Franchise Agreement. We reserve the right to provide the Operations Manual to you solely electronically and not via hard copy. We have the right to add to, and otherwise modify, any manual, including the Operations Manual, to reflect changes in authorized exercise equipment, products and services, as well as changes in specifications, standards and operating procedures of a Burn Boot Camp® Business. You must keep the Operations Manual, confidential and current, and may not copy any part of the Operations Manual. The Operations Manual currently contains 272 pages and the table of contents of the Operations Manual as of our last fiscal year end is included with this Disclosure Document as Exhibit F. (Franchise Agreement, Section XVII.G).
4. Approve you to execute the Lease for your Business. You must submit the Lease to us for our acceptance at least thirty days before you sign the agreement. As a condition of our acceptance, the Lease must include our then-current form of the Conditional Collateral Assignment of lease and landlord Consent (the "Franchisor Lease Rider"), or such alternative provision as we may approve in writing in our sole discretion. You must send us a signed copy of the Lease, including the Conditional Collateral Assignment of Lease, within five days after execution by all parties. Our review and acceptance of the Lease, including the Franchisor Lease Rider, is solely for the purpose of confirming compliance with our site and operational requirements and protecting our rights under the Franchise Agreement. ~~Our acceptance does not constitute a representation or warranty that the Lease is financially favorable to you or sufficient to meet your legal, financial, or operational obligations. We do not provide legal advice, and you should consult your independent legal counsel regarding the Lease and its terms.~~ (Franchise Agreement, Sections IX.R and XVII.C).
5. We will provide the initial franchisee education program described below (Franchise Agreement Section XVII.A).

<u>Provision</u>	<u>Franchise Agreement</u>	<u>Summary</u>
	ADA- Section 8	ADA - Any sale, transfer, or assignment of any of your rights under the ADA.
l. Our approval of transfer by you.	FA- Section XIX. ADA- Section 8	FA -We must approve all transfers by you. ADA - You may not transfer any rights or obligations under the ADA without our prior written consent.
m. Conditions for our approval of transfer.	FA- Section XIX.B ADA Not Applicable Applicable	FA- Full compliance; transferee qualifies; all amounts due are paid in full; completion of initial franchisee education program by transferee; transfer fee paid; transferee agrees to be bound by all terms of FA; you sign and deliver other required documents including a release (subject to state law). ADA- Not Applicable
n. Our right of first refusal to acquire your Business.	FA- Section XIX.C ADA Not Applicable	FA - We have the right to match any offers to buy your Business. ADA- Not Applicable
o. Our option to purchase your business.	FA- Section XXI.B ADA- Not Applicable	FA- We reserve the right to purchase your franchise or certain assets of your business upon termination or expiration of the FA. This option specifies the terms, conditions, and timing under which the franchisor can exercise the right to buy. ADA- Not Applicable
p. Your death or disability.	FA- Section XIX.D ADA Not Applicable	FA - Franchise must be assigned or transferred to approved buyer within six months. ADA- Not Applicable
q. Non-competition covenants during the term of the Franchise.	FA- Section XVI.C.1 ADA Not Applicable	FA - No involvement in any competitive business other than existing business. ADA - Nothing additional. Please see non-competition covenants set forth in your

<u>Provision</u>	<u>Franchise Agreement</u>	<u>Summary</u>
		Franchise Agreement(s) entered into under the ADA. Non-competition provisions are subject to applicable state law
r. Non-competition covenants after the franchise is terminated or expires.	FA- Section XVI.C.2 ADA Not Applicable	FA - No interest in competing business for 2 years at the location of the Business, within your Territory, or within 10 miles of the Territory or any company owned outlet or other franchises. ADA - Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the ADA. Non-competition provisions are subject to applicable state law
s. Modification of the Agreement.	FA- Section XXII.P ADA- Section 27	FA and ADA - No modification except by written agreement, Operations Manuals are subject to change.
t. Integration / merger clause.	FA- Section XXII.P ADA- Section 27	FA– Only terms of Franchise Agreement are binding (subject to state law). Any representations or promises made outside of the disclosure document and the Franchise Agreement may not be enforceable. ADA - Only the terms of the ADA are binding (subject to state law). Any representations or promises made outside of the disclosure document and the ADA may not be enforceable.
u. Dispute resolution by arbitration or mediation.	FA- Section XXII.C, XXII.D ADA- Sections 12 and 13	FA – We have the option of submitting all claims and disputes that were not first solved through internal dispute resolution to mediation in Mecklenburg County, North Carolina, in accordance with the American Arbitration Association’s Commercial Mediation Rules then in effect. ADA - You must bring all disputes before our Chief Executive Officer prior to bringing a claim before a third party. At our option, all claims or disputes between you and us must be submitted first to mediation in or near Mecklenburg County, North Carolina in accordance with the American Arbitration Association’s Commercial Mediation Rules then

III. TERRITORY

A. Except as otherwise provided for in this Agreement, as long as Franchisee is in compliance with the terms and conditions hereof, Franchisor will not establish, nor license any other person the right to establish, another Burn Boot Camp® Business at any location within the Territory granted to you after a location is chosen for your Facility and described in the Data Sheet annexed hereto, which is hereby incorporated into the Franchise Agreement (the “Territory”). Your Territory will not be exclusive in terms of marketing rights or clientele, as further described below. The Territory is determined once a location is chosen and approved by us, and will not be altered even if there is a population increase or decrease during the term of this Agreement. The Territory is not dependent upon achievement of certain revenues, number of Members Franchisee retains, memberships sold, market penetration or any other contingency.

B. Franchisee must operate the Business only at the location Franchisor accepts of in writing, which will be identified in the Data Sheet attached to this Franchise Agreement (the “Accepted Location”). The Accepted Location must be used solely to operate a Business, and not for any other purpose. Franchisee may not conduct business at any other location or locations other than the Accepted Location identified above; however, Franchisee may conduct business at off-site events (for example at fitness expos, health fairs, promotional events, charity events, etc.) to sell Services and/or Products as long as such events are within Franchisee’s Territory. If the Accepted Location is not known as of the date this Agreement is signed, then Franchisee must find an accepted site located within the Site Selection Area described in the Data Sheet attached to this Franchise Agreement.

C. Franchisee must operate its Facility within the Territory. Franchisee is not restricted as to the geographic area into which Franchisee may sell Services and Products (including exercise equipment if Franchisor authorizes Franchisee to sell exercise equipment in the future) and can sell to anyone from anywhere, so long as the Services Franchisee performs and Products Franchisee sells are being performed and shipped from the Facility within the Territory at the Accepted Location or conducted at off-site events as described below. Franchisee may not perform any Target Marketing into the territory of another System franchisee, licensee or company-owned business. The term “Target Marketing” means a concerted effort ~~by Franchisee to solicit and obtain Members by any type of~~ for customers through advertising or, marketing, promotions, or other outreach that is specifically directed at all or a portion of to individuals located within another franchisee’s ~~or licensee’s territory, company-owned business or any unassigned area~~ Territory. You acknowledge that digital advertising platforms, search engines, social media platforms, and other online marketing tools may distribute advertisements beyond intended geographic areas. Advertising that unintentionally reaches individuals located within another franchisee’s Territory through these platforms will not be considered Target Marketing or a violation of territorial rights. Franchisor shall use commercially reasonable efforts to deal with any franchisee that violates this policy. Franchisee is prohibited from selling Services and/or Products (including exercise equipment if Franchisor authorizes Franchisee to sell exercise equipment) through any alternative channels of distribution (such as Websites as defined below) without our prior written approval. Approval may be revoked in Franchisor’s sole discretion.

D. ~~If Franchisee is~~ You may only conduct business at your approved Franchised Business unless we provide prior written consent to relocate within your territory. Off-site events within your Territory are permitted; events outside your Territory require prior written approval. If approved, you must immediately stop conducting business at the event if the area is purchased by another franchisee. If you are asked by a third party to conduct business at off-site events (such as fitness expos, health fairs, promotional events, charity events, etc.) in geographical areas within the territory of in which there is another System franchisee franchise, licensee or company-owned business, Franchisee you must immediately refer that request to the Burn Boot Camp® business whose territory encompasses in that geographical area or directly to Franchisor. Franchisee us. Whether the other Burn Boot Camp® business is a franchise, licensee or

~~company-owned location, you~~ must not conduct business at off-site events in ~~the territory of another System franchisee, licensee or company-owned business~~ that geographical area. If the other franchisee, licensee or company-owned business gives ~~Franchisee~~you permission to conduct business at such off-site events, then ~~Franchisee~~you must immediately inform ~~Franchisor~~us in writing, and ~~Franchisee~~you can then proceed to conduct business at such off-site event. ~~If there is not a Burn Boot Camp® business in that geographical area, then Franchisee must submit a request to conduct business at off-site events to Franchisor, and upon Franchisor's written approval, Franchisee can proceed. However, Franchisee must immediately cease conducting business at such events if the geographical area is purchased or assigned to another System franchisee or licensee. Franchisor shall approve or deny Franchisee's request to conduct business at off-site events in other geographical areas not owned by other franchisees, licensees, Franchisor or its affiliates, which approval is in Franchisor's sole discretion, within three (3) days of Franchisee's written request. If we do not timely respond then your request will be deemed denied.~~

E. If, during the term of this Agreement, Franchisee is unable to promptly and properly provide Services to Members due to excessive work or for any other cause, Franchisee must refer that Member to another System franchisee, licensee, company-owned business or to Franchisor. If Franchisee fails to: (i) refrain from Target Marketing; or (ii) refer off-site events or Members as described herein, Franchisor will have the right to terminate this Agreement as described in Section XX.B.21 of this Agreement (upon the second occurrence). For any default of this Agreement which triggers Franchisor's ability to terminate (including, without limitation, Franchisee's failure to achieve \$40,000 in monthly Gross Revenues for a rolling 12-month period after being in operation for at least 2 years), as an alternative to termination, Franchisor will have the right, in its sole discretion, to modify or completely eliminate any rights Franchisee may have with respect to the Territory, effective ten (10) days after delivery of written notice to Franchisee as provided in Section XX.E.

F. We may, from time to time, establish certain programs for the benefit of franchisees and the System whereby Burn Boot Camp® franchisees will be permitted to provide Services and/or Products in accordance with the specifications described in any particular program established by us. Currently in effect is our National Account program. The National Account program is defined as follows:

1. The term "National Account" means a special class of Members which may include but are not limited to large businesses, national organizations or non-profit organizations with outlets located in multiple territories and government agencies who on their own behalf or through agents, franchisees or other third parties owns, manages, controls or otherwise has responsibility for products, buildings or common-services in more than one location whose presence is not confined within any one particular franchisee's Territory regardless of the aggregate contract amount of Services and/or Products the Franchisee performs or provides. Any dispute as to whether a particular account is a National Account shall be determined by Franchisor in its sole and absolute discretion, and Franchisor's determination shall be final and binding;
2. Franchisor shall have the exclusive right, unless otherwise specified in writing, on behalf of itself, Franchisee and/or any other franchisees utilizing the Marks, to negotiate and enter into agreements or approve forms of agreement to offer Services and Products to National Account customers, including any affiliate, company owned or franchised locations within the Territory;
3. Following the execution of a contract with or the acceptance of a bid by a National Account which contemplates the provision of Services or Products to one or more National Account locations within the Territory, Franchisor will, if Franchisee is qualified and not in default under any terms of this Agreement and any addendum, provide Franchisee the option to perform Services and/or offer Products pursuant to the terms and conditions of the National Account contract or on such terms and conditions as we in our sole discretion determine;

5. Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliates, and shall have timely met these obligations throughout the previous term;
6. Franchisee shall execute Franchisor's then-current form of Franchise Agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ materially from the terms of this Agreement, and renewal may be for the same designated area as outlined in Section III, or Territory, above;
7. Franchisee pays Franchisor a renewal fee equal to \$10,000 ~~(for the second renewal term only)~~;
8. Franchisee shall comply with Franchisor's then-current qualification and franchisee education requirements;
9. Franchisee must execute a general release, in a form prescribed by Franchisor releasing any and all claims against Franchisor and its affiliates, and their respective owners, officers, directors, managers, agents and employees, if such release is not in conflict with any local, state or federal laws; and
10. Franchisee has upgraded, remodeled and/or refurbished the Facility (both inside and outside) in order to meet our then-current standards. All signage, graphics, exercise equipment, furnishings, fixtures, computers, iPads, software and any other products that are necessary to operate the Business as determined by us, in our sole discretion, must be updated to meet our then-current requirements. All remodeling, modernization, redecoration, or replacements will be completed at Franchisee's expense in accordance with our specific standards and specifications.

V. FRANCHISEE'S INITIAL INVESTMENT

Franchisee's initial investment will vary depending upon the size of the Facility, the location of the Facility, build-out expenses, the time of year Franchise opens for business, the amount of exercise equipment, products and supplies Franchisee purchases, number of trainers and administrative staff Franchisee hires, implementation of a marketing plan, Franchisee's management skills, economic conditions, competition in the surrounding area and other factors. Franchisee hereby certifies that he or she has reviewed the estimated initial investment and start-up costs as detailed in the Franchise Disclosure Document, and has sufficient cash resources available to meet said expenses. These start-up costs include the initial franchise fee.

VI. FRANCHISEE'S INITIAL FRANCHISE FEE

A. Time Limit for Starting Business

Time is of the essence. Franchisee shall maintain the Facility in accordance with the provisions and requirements of Section IX of this Agreement, and must secure a lease that has been accepted by Franchisor (as described in this Section IX.R) ~~within three hundred (300) days of the execution of this Franchise Agreement~~, and open the Business for operation (the "Opening") ~~four~~ three hundred ~~twenty~~ sixty-five ~~(420)~~ 365 days of the date of execution of this Franchise Agreement (or earlier as provided in an Area Development Agreement, if applicable) which includes having obtained our approval prior to opening. The Opening requires that Franchisee has qualified for and has obtained all necessary licenses and permits needed to perform Services and offer Products. Prior to opening, Franchisee shall complete, to our satisfaction, all the build-out and preparations of the Business, in accordance with specifications set forth in the Operations Manual, and as required by local governmental agencies, including installation of all furnishings and fixtures, the acquisition of exercise equipment, computers, iPads, software, sound system, Products, supplies and inventory, completion of Franchisor's initial education program, and provision to Franchisor of all required local

information, artwork and photos for the completion of the Franchisee's website. Upon Franchisee's failure to ~~(i)~~ agree on a Territory and/or timely satisfy the Opening requirement within ~~four~~^{three} hundred ~~twenty~~^{sixty-five} (~~420~~³⁶⁵) days from the Effective Date (or earlier as provided in an Area Development Agreement, if applicable); ~~or (ii) acquire a lease within three hundred (300) days of the execution of this Franchise Agreement,~~ then Franchisor may, at its sole discretion, terminate this Agreement.

B. Initial Franchise Fee

In consideration of the franchise granted to you, you must pay us a lump sum initial franchise fee of \$60,000, in full, when you sign this Agreement. The initial fee is deemed fully earned and non-refundable in consideration of administrative and other expenses we incur in granting you the franchise, and for our lost or deferred opportunity to franchise to others.

VII. OTHER FEES

A. Royalty Fees

1. In addition to the Initial Franchise Fee described in Section VI above, the following recurring payments are required to be made by the Franchisee. The Franchisee pays to Franchisor a "Royalty Fee" of six percent (6%) of total Gross Revenues for each Report Period and is to be received as we specify in writing, "Report Periods" shall be calendar months, weeks or such other period as we may designate from time to time. Royalty Fee payments will be due by the day we specify during each Report Period for the immediately preceding Report Period. For purposes of clarity, Royalty Fees and System Brand Fees are calculated and payable with respect to all Gross Revenues generated by the Business, including all Gross Revenues generated prior to opening.
2. As used in this Agreement, "Gross Revenue" shall include all revenue accrued from the performance of Services and sales of all Products in, at, upon, about, through or from the Business, whether for cash or credit and regardless of collection in the case of credit, and income of every kind and nature related to the Business. This includes all membership-related programs and/or fees (such as initiation fees, termination fees, enrollment fees, processing fees, paid-in-full fees, renewal fees, monthly dues, annual membership fees and all revenues generated and derived during any presale membership programs). Gross Revenue also includes fair market value for any service or product Franchisee receives in barter or exchange for its services and products in addition to all insurance proceeds and/or condemnation awards for loss of sales, profits or business. However, Gross Revenue shall not include: (i) revenues from any sales taxes or other add on taxes collected from Members by Franchisee for transmittal to the appropriate taxing authority; (ii) gratuities paid by Members to Franchisee's employees; (iii) and the amount of cash refunds the Franchisee in good faith provides to its Members; or (iv) certain charitable donations specifically authorized in the Operations Manual. The sale and delivery of all Products and performance of Services away from the facility (such as off-site events) is included in computing Gross Revenue. With respect to the Gross Revenue paid to Franchisor by members purchasing virtual-only memberships, Franchisor will remit to Franchisee a certain portion of the Gross Revenue paid by those members that provide a primary address that is located in Franchisee's Territory ("Virtual Members"). Specifically, for those Virtual Members, Franchisor will remit to Franchisee the Virtual Members' Gross Revenue paid to Franchisor (which deducts certain fees paid to Google and Apple), less Royalty Fees and System Brand Fees owed on the Gross Revenues and any other amounts that are past due and owing to Franchisor.
3. Any payment or report not actually received by us on or before the specified date shall be deemed overdue. If any payment is overdue, in addition to the right to exercise all rights and remedies available to

Franchisee shall pay an “Admin & Legal Services Fee,” in the amount of \$2,500, to reimburse us for expenses incurred in connection with administrative or legal review services requested by Franchisee, including franchise entity transfers, document review, and other requested services. We may bill additional costs separately if incurred.

VIII. FINANCING ARRANGEMENTS

Franchisee hereby acknowledges that financing is the responsibility of Franchisee. Franchisor does not finance or guarantee the obligations of the Franchisee for a Burn Boot Camp® Business.

IX. GENERAL OBLIGATIONS OF FRANCHISEE

A. Follow Operations Manual and Directives of Franchisor

Franchisee agrees that use of Franchisor’s System and adherence to our Operations Manual (the “Operations Manual” or “Manual”), in compliance with Franchisor’s standardized design and specifications for décor, signage and uniformity of the Business are essential to the image and goodwill thereof. The Manuals contain mandatory and suggested specifications for the Business, standards and operating procedures and further define Franchisee’s obligations under this Agreement. Franchisor may change or add to the Manuals to reflect changes in its image, specifications and procedures and methods of operation and will lend Franchisee copies of any changes or additions. Franchisee shall cooperate and assist Franchisor with any customer or marketing research program, which Franchisor may institute from time to time. Franchisee’s cooperation and assistance shall include, but not be limited to, the distribution, display and collection of surveys, comment cards, questionnaires, evaluations and similar items.

B. Operate Franchised Business Only

Franchisee shall use the System and the Names and Marks provided to Franchisee by us for the operation of the Business and shall not use them in connection with any other line of business or any other activity. Neither Franchisee, nor any of its employees, may conduct any business at the Facility other than that authorized pursuant to this Agreement, without the prior written approval of Franchisor. Neither Franchisee, nor any of its employees, may conduct any activity at the Facility or in connection therewith which is illegal or which could result in damage to the Names and/or Marks or the reputation and goodwill of Franchisor. Franchisee will not allow the Franchised Business to be used for any immoral, unethical, unauthorized or illegal purpose. Franchisee must conduct all business through the Burn Boot Camp® Business unless otherwise approved by us in writing. Franchisee must disclose to us any pre-existing businesses and sign and deliver to us, along with a signed copy of this Agreement, the Schedule 2 “Pre-Existing Businesses” attached to this Agreement.

C. Comply with Laws

1. Franchisee must comply with all applicable federal, state and local laws, ordinances and regulations regarding the operation of the Business including, without limitation, all government regulations relating to health club membership agreements and fitness centers generally, occupational hazards and health (including but not limited to OSHA), dispensing of perishable items, consumer protection, trade regulation, worker’s compensation, unemployment insurance, withholding and payment of federal and state income taxes and social security taxes and sales, use and property taxes, and the applicable provisions of the Americans with Disabilities Act (“ADA”) regarding the construction, design and operation of the Business.

2. Franchisee's obligations with respect to compliance with all applicable laws and regulations as set forth in Section IX.C(1) above, expressly includes for the avoidance of doubt, compliance with all laws and regulations regarding music licensing (e.g. ASCAP, BMI, SESAC and GMR) the privacy and security of credit card data and all other data privacy and security laws, including without limitation those regarding unsolicited communications, autorenewals and "click-to-cancel" laws, text messaging and other consumer communications (expressly including the CAN-SPAM Act of 2003 ("CAN-SPAM") the Telephone Consumer Protection Act of 1991 ("TCPA")). Furthermore, with respect to credit card transactions and Member information obtained through credit card usage, Franchisee agrees to protect the privacy of credit card holders and must, at all times, comply with the Payment Card Industry Data Security Standard (PCI-DSS) ~~as outlined~~ and Personally Identifiable Information (PII) as established by the Payment Card Industry Security Standards Council (or ~~such similar or any~~ successor standards organization ~~that we may~~ designate), in connection with the collection, processing, storage, or transmission of payment card data, whether or not compliance with PCI-DSS is mandated for Franchisee under applicable law or contracts. Copies of all subsequent inspection reports, with the conduct of a Burn Boot Camp® business which indicates the Franchisee's failure to meet or maintain governmental or industry standards, or less than substantial compliance by the Franchisee with any applicable law, rule, regulation or industry standard, shall be forwarded to the Franchisor within five (5) days of the Franchisee's receipt thereof. Franchisee agrees to defend, hold harmless, and indemnify us under Section XV of this Agreement which includes any claims arising out of Franchisee's failure to perform Franchisee's obligations as described above, including reasonable attorneys' fees and expert witness fees.
3. Franchisee acknowledges that Franchisor requires that any individual who plans on instructing any camps be certified by a personal training program accredited by the National Commission for Certifying Agencies ("NCCA") or a 4-year degree in Exercise Science of a related field, in addition to being CPR and first aid certified, and must maintain such certifications.
4. Franchisee shall agree to comply and/or assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224 and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, Franchisee agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to the Franchise Business as may be required by law. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such laws, orders and/or regulations, and specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section XV pertain to Franchisee's obligations hereunder.

D. Maintain Confidentiality of Proprietary Information

1. Neither Franchisee nor any of its Owners, officers, directors, shareholders, partners, members, agents, employees or independent contractors (if you are an Entity), except as required in the performance of the duties contemplated by this Agreement, may disclose or use at any time, whether during the terms of this Agreement or thereafter, any confidential and proprietary information disclosed to or known by Franchisee or any such person as a result of this Agreement. Such information, includes, but shall not be limited to, confidential matters, trade secrets, our Services including specific methods and techniques when executing our workout routines; fitness programs, membership options, nutrition programs, exercise equipment, Products and operational procedures; relationships with vendors and suppliers, purchasing strategies, sales techniques and methods; our build out and design specifications with unique décor, color scheme and signage; advertising, sales and promotional programs; promotional advertising and marketing materials;

Franchisor will create, and make available to Franchisee, and its Owners if Franchisee is an Entity, education and training programs and other selected education and training materials, as Franchisor deems appropriate. Franchisee must staff a position to have day-to-day supervision for the operation and management of the Business. Franchisee must designate 1 trainer (“Lead Trainer”) that is responsible for overseeing the training portion of the Business that has successfully completed those portions of the franchisee education program for trainers. Franchisee may act as the Lead Trainer only if Franchisee receives Franchisor’s prior written consent. Additionally, Franchisee must have a person to personally oversee the operations of the Business (“Operations Manager”), 3 full-time “Burn Ambassadors,” and enough support trainers and childwatch and Burn Ambassador staff to provide the Approved Services, including, without limitation, childwatch services. Franchisee may act as the Operations Manager only if Franchisee receives Franchisor’s prior written consent. The Operations Manager must have completed those portions of the franchisee education program for operations managers. You may choose to have your Lead Trainer supervise the operation and management of your Business, or you may choose a separate manager, which can include one of the Owners only if Franchisee receives Franchisor’s prior written consent. The Operations Manager may, but need not, be Franchisee or one of the Owners, if Franchisor approves Franchisee or an Owner in writing prior to assuming the role of Operations Manager. Franchisee’s Lead Trainer must be readily and continuously available to Franchisor. Franchisee will keep Franchisor advised, in writing, of all management personnel involved in the Business. Franchisee must replace and train a replacement Lead Trainer in accordance with Franchisor’s franchisee education program. Replacement Lead Trainers or other staff may attend Franchisor’s franchisee education program at Franchisor’s then-current fee ~~(currently, the fee for Additional Education Sessions is \$1,500 per team member, plus Franchisor’s expenses as described in Section XVII.A of this Agreement. The fee for advanced education is \$900 and subject to space availability plus Franchisor’s expenses as described in Section XVII.A of this Agreement. You must pay \$125 per attendee at the regional continuing educational programs plus Franchisor’s expenses as described in Section XVII.A of this Agreement. Franchisee or its Lead Trainer is responsible for all travel, room, board and food. If you, the Operations Manager, and/or Lead Trainer do not successfully complete our training program to our satisfaction, you may be required to send another qualified individual within the time frame in which we may specify in writing.~~

Franchisee must also hire adequate staff to provide childwatch services. We may, in our sole discretion, waive the requirement for Franchisee to provide childwatch services if we determine, in our sole discretion, that childwatch services are not likely to be expected by customers at the Accepted Location.

Franchisee will have sole authority and control over the day-to-day operations of the Business and Franchisee’s employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee’s employees be deemed to be employees of Franchisor or its affiliate. Franchisee shall properly hire employees (subject to applicable employee protection laws), which includes carefully screening employees by the use of background checks and drug testing, before employing them, to ascertain fitness for employment.

Franchisee will require its employees to wear uniform dress bearing our Names and Marks while working at the Business and while executing Services. Such uniform dress shall be of the design and color as we may prescribe from time to time, as set forth in the Operations Manual.

Franchisee will keep us advised, in writing, of all management and non-management personnel involved in the operation of the Business.

G. Operate Business in Strict Conformity to Requirements

first obtaining our written consent, which consent shall be approved or denied within thirty (30) days of Franchisee's request.

R. Site Selection and Lease

Franchisee is responsible for selecting a site for the Business and assumes all costs, liability, expense, and responsibility for locating, obtaining and developing a site for the Business and for the build out and equipping the Business at such premises. We evaluate each proposed site and accept or reject, each one on a case-by-case basis and will notify you by email or any other form of written communication of our acceptance or rejection of any proposed site within thirty (30) days after we receive your request. If we do not respond within thirty (30) days then the proposed site will be deemed rejected. Franchisee must use a real estate search consultant or broker that Franchisor has preapproved to assist Franchisee in its real estate search. Franchisee is also required to work with Franchisor's Real Estate team on the Site Acceptance Package to obtain acceptance of Franchisee's proposed site. A typical Burn Boot Camp® business has approximately ~~3,500-7,000~~3,600-7,000 square feet of space. The space for a Burn Boot Camp® Business must be enclosed and separate from other businesses with its own locking door. You must ensure that the lease permits sounds and vibrations consistent with the activities described herein and in our Operations Manual that will take place in your Facility. You must submit the lease for your accepted site ("Lease") for review and acceptance at least thirty (30) days prior to execution, and you also must submit any letter of intent or term sheet with respect to a potential lease to us for acceptance before you execute it. We may condition our acceptance of any proposed Lease on, among other things, the Lease containing a use clause that is satisfactory to us, and on you and your landlord's execution of a Collateral Assignment of Lease attached as Schedule 5 to this Agreement which grants us the unconditional right, but not the obligation, to assume and/or assign the Lease upon (a) your default under the lease, or (b) the termination, transfer or expiration of this Agreement. You may not sign a lease (or a contract to purchase the premises, if applicable) for the Business until you have obtained our written acceptance. The term of your Lease together with renewal options, if any, must be not less than the initial term of this Agreement plus two (2) five (5) year renewal terms. If the initial term of your Lease is shorter than the initial term of this Agreement, you will renew the term for the duration of the Lease so that it coincides with the term of this Agreement. On the execution of any lease for the Business, you will deliver to us a copy of the executed lease and an option to assume the lease executed by the lessor in favor of us in a form acceptable to us. All improvements to the Facility must be approved by us. Franchisee must deliver a copy of the signed Lease or sublease to us within five (5) business days after it is signed. Our acceptance of the Lease does not constitute our opinion that the Lease is sufficient to meet all of your obligations under this Agreement. We do not offer legal services to Franchisee and Franchisee is encouraged to consult with independent legal counsel for a legal review of the Lease, as well as a licensed commercial real estate broker for a review of the economic terms of the Lease. **FRANCHISEE ACKNOWLEDGES THAT OUR ACCEPTANCE OF A PROSPECTIVE SITE AND THE RENDERING OF ASSISTANCE IN THE SELECTION OF A SITE DOES NOT CONSTITUTE A REPRESENTATION, PROMISE, WARRANTY, OR GUARANTEE BY US THAT A BURN BOOT CAMP® FRANCHISE OPERATED AT THAT SITE WILL BE PROFITABLE OR OTHERWISE SUCCESSFUL.**

S. Development and Construction of the Facility

Franchisee must select and employ licensed contractors reasonably acceptable by us for the complete build out and/or any leasehold improvements. Franchisee is solely responsible for the selection and work of any contractor selected and/or employed by Franchisee, even if referred by us, and for the preparation of architectural and working drawings necessary to complete construction and/or build out at the Accepted location. Franchisee will be provided with mandatory requirements and specifications (interior and exterior) for the build out of the Business which includes specifications for Facility layout, exercise equipment specifications, storage, furnishings, fixtures, sound system, décor and signage. Franchisee's construction plans must comply with our standards and specifications and Franchisee must

submit them to us prior to construction commencement for approval. We will notify Franchisee of our approval or disapproval within thirty (30) days after we receive Franchisee's request for approval plus all additional information and samples that we require. We may, at our option, re-inspect Franchisee's facility for compliance with our specifications and revoke our approval if the construction fails to meet any of our then-current criteria. Such drawings, plans and specifications are subject to alteration as may be necessary in our sole discretion and Franchisee must be in full and strict compliance with plans and specifications approved by us, however, we will not modify the final set of drawings, architectural plans, floor plans, schematics and/or specifications for the Facility developed pursuant to this Agreement once those final set of drawings, architectural plans, floor plans, schematics and/or specifications have been approved by us and given to Franchisee. Franchisee is responsible for the cost and installation of all build out specifications. We reserve the right to receive rebates, commissions or other forms of consideration from designated or approved suppliers involved in the construction or fixturing of the Facility and to use such rebates, commissions or other consideration in any way we deem appropriate in our sole discretion, without obligation to share or remit any portion of such rebates, commissions or other consideration to Franchisee.

We expect that a Burn Boot Camp® Business location would need construction improvements. Costs may vary widely depending on such factors as property location, size of the property, and the condition of the property, the extent of alterations required for the property. Franchisee shall be responsible for obtaining all zoning classifications, health and sanitation clearances, permits and certifications which may be required by state or local laws, ordinances, or regulations or which may be necessary or advisable owing to any restrictive covenants relating to Franchisee's location. After having obtained such approvals and clearances, Franchisee shall submit to us, for our approval, final plans for construction based upon the preliminary plans and specifications. Once approved by us, such final plans shall not thereafter be changed or modified without our prior written permission. Any such change made without our prior written permission shall constitute a material default under this Agreement and we may withhold our authorization to open the Business until the unauthorized change is rectified (or reversed) to our reasonable satisfaction.

Franchisee shall comply with all federal, state and local laws, codes and regulations, including without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Business. If Franchisee receives any complaint, claim or other notice alleging a failure to comply with the ADA or other law or regulation related to health or safety, Franchisee agrees that it shall provide Franchisor with a copy of such notice within five (5) days after receipt thereof.

Franchisee shall construct, furnish and open the Business according to the requirements contained herein, and Franchisee shall open the Business for operation no later than ~~four~~three hundred ~~twenty~~sixty-five (420~~3~~65) days from the Effective Date (or earlier as provided in an Area Development Agreement, if applicable). Time is of the essence. Prior to opening for business, Franchisee shall provide us with evidence of lien-free completion of all work (including, without limitation, any and all mechanic liens) and to comply with all pre-opening requirements set forth in this Agreement (including, without limitation, those with respect to the grand opening advertising program), the Operations Manual, and/or elsewhere in writing by Franchisor.

Franchisee shall not open the Business until we have determined that all construction has been substantially completed, and that such construction conforms to our standards including, but not limited to materials, quality of work, exercise equipment, furnishings, fixtures, signage, décor and paint and we have given Franchisee written approval to open, which approval shall not be unreasonably withheld. Our approval to open the Business does not constitute a waiver of Franchisor's right to require Franchisee to conform the Facility to our standards.

T. Franchisee Education Programs

No later than the earlier to expire of sixty (60) days immediately prior to the date Franchisee starts accepting memberships or anticipates opening the Business for operation, Franchisee, its Owners if it is an entity, or the Operations Manager must complete, to our satisfaction, those portions of the initial franchisee education program for franchisees and Operations Managers and the Lead Trainer must complete, to our satisfaction, those portions of the initial franchisee education program for trainers. If you are a new franchisee to the System and are taking over an existing Business, the initial franchisee education program must be completed before the transfer is completed. In addition, you must complete general, non-proprietary initial education prior to the transfer to allow you to hit the ground running. This initial education may be conducted online. If you are an existing franchisee taking over an existing Business, the initial franchisee education program must be completed within ninety (90) days after the effective date of the consent to transfer document that you signed in connection with the transfer of the Business. Additionally, if you are taking over an existing business, we will provide the initial franchisee education program free of charge for one attendee. If Franchisee wishes to send more than three (3) people to the initial franchisee education program, subject to space, Franchisee may send more but must pay our then-current fee per additional attendee (which is currently ~~\$1,500~~\$5,000 per attendee). Additionally, Franchisee will be responsible for travel, accommodation, food, and other costs for all its attendees. At our option, key personnel subsequently employed by Franchisee shall also complete the initial franchisee education program. We may, at our discretion, make available additional franchisee education programs, certifications and seminars, as well as refresher courses available to the Franchisee and/or Franchisee's designated individual(s) from time to time. We may, at any time, discontinue the provision of the management education and decline to certify Franchisee and/or Franchisee's Operations Manager who fail to demonstrate an understanding of the management education acceptable to us. If Franchisee or Franchisee's Operations Manager's management education is discontinued by us, Franchisee shall have thirty (30) days to present an alternative acceptable candidate to us for management education. If Franchisee's new candidate does not adequately complete the management education, then we shall have the option of terminating this Agreement. We shall provide instructors and training materials for all required education programs, and Franchisee, its Owners, Lead Trainer, Operations Manager and/or any of its employees who attend the initial franchisee education program shall be responsible for all other expenses incurred in connection with any franchisee education programs, including, without limitation, the cost of transportation, lodging, meals, and wages.

U. Ongoing Education and Support

Franchisee will have access to our personnel for questions, ongoing education and support by phone and e-mail during regular business hours (Eastern Time Zone), subject to availability and response times. Franchisor will continue to consult with and advise Franchisee free of charge, to answer any questions from Franchisee (Section XVII.A of this Agreement); provide the Manual, specifications, supplier, exercise equipment, Product, marketing and operational updates as they become available; review advertising, exercise equipment, Product and/or supplier approval requests; and administer the Fund.

X. OBLIGATIONS OF FRANCHISEE RELATING TO INSURANCE

A. Before Franchisee opens its Business, Franchisee must purchase insurance coverage from a responsible carrier with a performance rating of A or higher as rated in the most recent edition of Best Insurance Reports (or comparable criteria as we may specify), and Franchisee must maintain such insurance throughout the duration of the initial term of the Franchise Agreement and any renewal terms. We may change our insurance requirements on reasonable notice to you. Under our current requirements, Franchisee must procure and maintain general comprehensive liability insurance with a minimum policy limit of \$1,000,000 per occurrence and \$2,000,000 aggregate (this policy should include general tort, premises damage, personal and advertising injury should be at least \$1,000,000); \$500,000 in Abuse and Molestation Liability, in addition to professional liability insurance that covers you for damages that you create or damages incurred from your training that may include bodily injury or other

damages and product liability insurance with a minimum policy limit of \$1,000,000, and property and casualty insurance ([Tenants liability insurance](#)) with a minimum policy limit of \$1,000,000 or an amount specified by us. Each insurance policy that we require under this Agreement must contain a provision that the policy cannot be canceled without thirty (30) days' written notice to us. All policies of insurance maintained by Franchisee shall contain a separate endorsement naming us, and if required, our affiliates as additional insured. Franchisee must also procure and maintain property coverage for the full cost of replacement for the up-fit or betterment to the business premises and all other property in which we may have an interest with no coinsurance clause; special risk with fire, windstorm and theft is required, as well as "All Risks" or "Special Form" insurance (coverage for the full cost of replacement of the Facility and other property) in addition to business interruption insurance in amounts specified by us, and automobile liability insurance to fully insure loss of earnings for a period of one-hundred and eighty (180) days or longer as may specify and statutory workers' compensation insurance with limits of greater than \$100,000 or the minimum limits required by law. Franchisee shall also acquire ~~tenant's liability insurance (if applicable)~~, any other insurance [or bond](#) required by the state or locality in which the Business is located and operated, in such amounts as required by statute, and other insurance coverage, as we or the landlord may reasonably require.

B. For any construction, renovation, refurbishment or remodeling of the site, Franchisee must require that the general contractor maintain, with an approved insurer, commercial general liability insurance (with comprehensive automobile liability coverage for both owned and non-owned vehicles, builders risk, product liability and independent contractor's coverage) with limits of no less than \$1,000,000 per claim, naming Franchisee and us as additional insureds, as their interests may appear, together with workers' compensation and employer's liability insurance as required by law and as required by the lease. It is Franchisee's responsibility to obtain certificates of insurance from the contractor prior to the initiation of any construction.

C. To the extent available, Franchisor may require Franchisee to acquire automobile liability insurance (with coverage of owned and hired vehicles with minimum coverage in amounts not less than \$100,000 combined single limit (for bodily and property damage) or what is in accordance with Franchisee's state guidelines), employer's liability insurance, employment practices liability insurance, employee dishonesty insurance, crime insurance as well as other disability benefits type insurance as may be required by the statute or rule of each state, with policy limits of \$1,000,000 or in the amount we specify.

D. All insurance policies will name Franchisee as certificate holder and us and our affiliates as an additional named insured with waiver of subrogation by Franchisee for the benefit of us. Franchisee shall furnish us with certified copies of each of the insurance policies described in this Section on either the earlier of the opening of the Business for operation or sixty (60) days following the date this Agreement is executed.

E. We may establish minimum standards for coverage to be met by underwriters for insurance and we have the right to audit Franchisee's insurance policies at any reasonable time without notice. Before opening for operation, Franchisee will obtain any other liability insurance required by law, provide us with certificates of insurance within ten (10) days of issuance, and maintain all required insurance during the term of this Agreement. Franchisee shall also furnish us with certificates and endorsements evidencing insurance coverage within ten (10) days after each of the following events: (i) at all policy renewal periods, no less often than annually; and (ii) at all instances of any change to, addition to or replacement of any insurance. Lapses, alterations, or cancellations require immediate notice to us and may be deemed a material breach of this Agreement as set forth in [Section XX.B](#). If Franchisee fails to obtain the required insurance and to keep the same in full force and effect, we may, but shall not be obligated to, pay the premiums or acquire insurance, and bill Franchisee. Franchisee shall reimburse us for the full cost of such insurance, along with a reasonable service charge to compensate us for the time and effort expended to secure such insurance. We may change these insurance requirements on reasonable notice to Franchisee.

communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information including, without limitation: trade secrets, advertising strategies, fitness programs and workouts routines; strategies for increasing memberships, exercise equipment operation, safety procedures, usage of software and applications for mobile devices, cost and pricing strategies, inventory management and tracking of products and supplies, contracts, forms and waivers; hiring, training and managing employees, record keeping, accounting systems and procedures, website information and maintenance, effective sales and marketing methods in addition to lists of vendors and suppliers, price marketing mixes related to products and services offered by Businesses, supplier networks and pricing arrangements with suppliers, sales promotion aids, accounting procedures, marketing reports, inventory systems, copyrighted materials, and other methods, techniques and know-how concerning the operation of the Business which may be communicated to you or of which you may be apprised by virtue of your operation of the Business. You also acknowledge and agree that certain information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer purchasing histories, (iv) rates charged to customers; and (v) CRM reports (subsections (i)-(v) collectively “Customer Lists”) also constitute our trade secrets and Confidential Information. You may divulge Confidential Information only to those of your employees as must have access to it in order to operate the Business. All information, knowledge, know-how, techniques, and other data which we designate as confidential will be deemed Confidential Information for purposes of this Agreement. You further agree to abide by any policies regarding to customer privacy that we may establish from time to time.

B. Franchisee’s Employees Will Not Disclose Confidential Information

All managers and key personnel must execute covenants that they will maintain the confidentiality of the information they receive in connection with their employment by you at the Business. Such covenants will be in a form satisfactory to us and substantially similar to the Confidentiality Agreement attached as Schedule 8 to this Agreement. Employee Confidentiality Agreements must include, without limitation, specific identification of Franchisor as a third-party beneficiary of such covenants with independent rights to enforce them. [Franchisee will maintain accurate records of these documents.](#)

C. Injunctive Relief is Available to Franchisor

Franchisee acknowledges that any failure to comply with the requirements of this Section XIII will cause us irreparable injury, and we shall be entitled to obtain specific performance of, or an injunction against any violation of, such requirements; Franchisee waives any requirements for the posting of any bond(s) relating thereto. Franchisee agrees to pay all court costs and reasonable attorneys’ fees incurred by us in obtaining specific performance of, or an injunction against, violation of requirements of this Section XIII. The foregoing remedies shall be in addition to any other legal or equitable remedies, which we may have. If injunctive relief is granted, Franchisee’s only remedy will be the court’s dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurs as a result of the wrongful issuance.

D. Franchisor’s Patent Rights and Copyrights

We do not own rights in or to any patents that are material to the System at this time. However, Franchisor claims copyright protection for several aspects of the System such as the Operations Manual, Membership options, all fitness programs and workout routines, Software (if developed) and all promotions, marketing, sales and operations literature. Such copyright ownership shall extend to all media, whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including rights to interactive works, and derivative works. Furthermore, we claim rights to certain trade secrets and Confidential Information as discussed above.

F. No Right of Set-Off

Franchisee expressly agrees that the existence of any claims it may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants in this Section XVI and there shall be no set off for Franchisee's claim. Franchisee agrees to pay all damages, costs and expenses (including reasonable attorneys' fees) incurred by us in connection with the enforcement of this Section XVI.

XVII. OBLIGATIONS OF THE FRANCHISOR: SUPERVISION, ASSISTANCE OR SERVICES

We shall provide the Franchisee with the following assistance and services:

A. The Initial Franchisee Education Program

- ~~1. Shortly after signing the Agreement, but prior to attending the initial franchisee education program described in Paragraph XVII.A.2, below, you must attend orientation at our headquarters. At orientation, we will introduce you to our HQ team and walk you through what to expect during the opening process. Orientation is one day and there is no fee, but you are responsible for travel, accommodation, food, and other costs for all of your attendees.~~
- 2.1. We will provide the initial franchisee education program at our headquarters or another location of our choice. We will provide this initial franchisee education (five (5) day program at corporate headquarters) without charge for Franchisee and up to two (2) additional individuals (for a total of three (3) people), being the Owners, Lead Trainer, and Operations Manager, as designated by Franchisee no earlier than the date that Franchisee signs the lease for the premises. However, if Franchisee wishes to send more than three (3) people to the initial franchisee education program, subject to space, Franchisee may send more but must pay our then-current fee per additional attendee. Additionally, Franchisee will be responsible for travel, accommodation, food, and other costs for all its attendees, and Franchisee must attend and satisfactorily complete such initial franchisee education program within the timeframe mentioned above. If, during the initial franchisee education program we determine, in our sole discretion, that you (or your managing partner, member or shareholders) are not qualified to manage a Burn Boot Camp® Business, you can appoint someone else to be trained at your expense. If Franchisee, its Owners, its Operations Manager or Lead Trainer fails to timely complete the initial franchisee education program to our satisfaction, Franchisee has the right to appoint another Lead Trainer or Operations Manager, as applicable, to attend initial franchisee education program at Franchisee's expense, and if the other Lead Trainer or Operations Manager, as applicable, does not satisfactorily complete the franchisee education to our satisfaction, then we may terminate this Agreement as described in Section XX.C. Any Owner, Operations Manager, and/or Lead Trainer designated by Franchisee replacing a previously trained Owner, Operations Manager, and/or Lead Trainer must be trained by us within thirty (30) to ninety (90) days of first employment, at Franchisee's cost as provided below. If you or your affiliate has owned and operated a Burn Boot Camp® Business previously and you purchase another existing Burn Boot Camp® location, then we will not be obligated to provide all of the aforementioned franchisee education to you at no cost.
- 3.2. Franchisor may reasonably require Franchisee, its Owners, its Operations Manager or Lead Trainers to receive or attend and complete to Franchisor's satisfaction additional or advanced education programs, meetings and training sessions at locations we designate from time to time. Franchisee may be required to pay a fee for such education as we reasonably determine. Franchisee must also pay for travel, food, and accommodations and all other related expenses. We may, in our sole discretion, hold refresher and ongoing franchisee education courses. We may require you and your management personnel to attend franchisee

education courses at the location we designate. All expenses, including you and your personnel's transportation, meal, and lodging expenses to attend such franchisee education courses, will be your sole responsibility. We may also provide franchisee education courses for employees and managers to complete over our intranet system at your expense.

43. ~~As part of~~ Either at the initial franchisee education program, or otherwise prior to Opening, we will provide Franchisee with: a written list of approved Services (including fitness programs, workout routines and membership options) and Products Franchisee is required to offer and sell; a written list of approved exercise equipment, Products, supplies and services Franchisee is authorized to purchase and use; a written list of approved vendors and suppliers from whom Franchisee must purchase exercise equipment, products, supplies and services; specifications, maintenance and operation guidelines for all exercise equipment and computer systems; recommended (but not mandatory) procedures and standards for hiring and training employees; techniques in efficiencies, operational standards, customer service, safety procedures, suggested rates and pricing for Services and Products; and sales training, advertising, marketing and promotional programs that have been developed by us (or our affiliates) and are necessary in the operation of the Business. We reserve the right, in our sole discretion, to add, modify, change or discontinue any Service or Product from time to time as outlined herein. Franchisee will be responsible for all costs associated with the administration of such changes.
54. We will provide regularly scheduled conference calls and additional guidance in the operation of the Business in an effort to provide assistance to resolve operational challenges Franchisee may encounter outside the scope of the Operations Manual (subject to availability). This guidance can be furnished in whatever manner we consider appropriate in our business judgment, including electronically via an intranet system, free of charge, to answer questions from Franchisee and its staff (during regular business hours in the Eastern Time Zone). Guidance may also be furnished in writing, telephonically, through franchisee education programs and/or on-site consultations, and web-based computer franchisee education, among other methods. Onsite consultations are subject to additional franchisee education fees as mentioned above.
65. We may, from time to time, provide to Franchisee, at Franchisee's expense, such advertising and promotional plans and materials for local advertising and may direct the discontinuance of such plans and materials, from time to time. All other advertising and promotional materials that Franchisee proposes to use must be reviewed and approved by us, pursuant to Section IX.K of this Agreement.
76. We may provide Franchisee with announcements, memos, bulletins, brochures, manuals and reports, if any, as may from time to time be published by or on our behalf regarding our plans, policies, developments and activities. In addition, we may provide such communication concerning Services, Products, industry developments and improvements to the management of the Business that we determine are relevant to the operation of the Business and communication with other franchisees by means of an intranet system. We may also establish a franchisee-elected peer group whose main purpose will be to mentor, support and regularly communicate with franchisees. We have the power to dissolve, merge, or change such peer advisory groups.
87. We shall provide guidance for establishing a standardized accounting, bookkeeping and cost management control system. We will provide Franchisee with all update and upgrade requirements for computers and related software programs in response to changes in the Operations Manual or changes in its policies that are communicated to Franchisee in writing. The cost for such updates and/or upgrades is Franchisee's sole responsibility.

~~98~~ We will provide a telephone helpline, free of charge, to answer any questions from Franchisee or its staff (during regular business hours, Eastern Time Zone). Franchisee will also be able to send us questions and suggestions using Internet email or intranet system as described above. We will consult with Franchisee at no additional charge regarding policies, sales, marketing and operational issues.

~~109~~. We may establish and conduct an annual conference for all Business owners and operators, and may require Franchisee to attend this conference for no more than five (5) days each year. We reserve the right to charge Franchisee our then-current registration fee in connection with any conference conducted pursuant to this Section, and Franchisee will be solely responsible for all expenses incurred in attending such conferences.

~~110~~. We may offer optional virtual education opportunities on various topics, including Fitness Product and Sales, at our then-current rate for these education opportunities. We may increase these fees by up to 10% per year. We may add additional topics from time to time, and fees for these additional topics will be published in the Operations Manual or otherwise in writing. While these education opportunities are generally optional, we may require Franchisee to complete them if Franchisee has defaulted under this Agreement.

B. Website and Social Media Policy

We will provide to Franchisee a Burn Boot Camp® website which is a URL housed within the corporate website that may include interactive functionality and portals online for additional franchisee education, advertising, operational and support materials. Franchisee may customize parts of the website with our approval; however, the look must remain consistent as specified in the Operations Manual or otherwise in writing. Franchisee agrees and acknowledges that maintenance and any changes, edits or updates to the website and/or any promotions over the Internet must be performed by us, our affiliates and/or approved vendors. Upon approval of Franchisee request, which must be submitted in writing, Franchisee is responsible for the cost of such changes. Franchisee may neither establish nor use any Website without our prior written approval and if such approval is granted Franchisee must comply with our requirements regarding discussing, advertising or disseminating any information on a Website. Such approval may be revoked at any time by us in our sole and absolute discretion. We shall own all copyright and other intellectual property rights to the website, as well as the contents of the corporate website or any other Website upon expiration or termination of this Agreement as described in Section XXI.A, and this agreement constitutes a “work for hire.” In the event that an arbitral panel or a court of competent jurisdiction holds that the customizations or contents are not works for hire, then the Franchisee agrees to assign all copyright and other intellectual property rights to the customizations to the Franchisor. The term “all copyright and other intellectual property rights” shall include ownership rights in all media, whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including interactive rights and rights to derivate works.

You may conduct advertising without our written permission in Social Media as long as you comply with our social media policy. You must adhere to the social media policies that we establish from time to time, and must require your employees to do so as well. Use of social media, including any pictures that may be posted on, using or through one or more social media sites, must be in compliance with our Operations Manual and System standards, including our take-down policies.

C. Site Selection

4. The proposed transferee (or, if an entity, its owners, managers, directors or officers) must not operate a franchise, license another or operate businesses offering products and services similar to those offered by a Burn Boot Camp® Business;
5. Franchisee must pay us a transfer fee ~~as follows:-~~
 - a. ~~of \$2,500, for 12,500; provided that, a~~ partial ~~transfers~~transfer of ownership interests in the entity that is currently the franchisee under the Franchise Agreement ~~so long as, where~~ such partial transfer ~~do~~does not constitute a change in control of franchisee, is not subject to the transfer fee, but is subject to the Admin & Legal Services Fee;
 - b. ~~\$12,500, if there is a change in controlling owner or a new franchisee or owner is entering the System for the first time; or~~
~~\$10,000, for a transfer to an existing and fully trained Burn Boot Camp® franchisee or owner. In addition, if the transferee was already in our lead database at the time of first contact between Franchisee and the transferee, we may require Franchisee to pay a broker or referral fee.~~
6. Transferee must pay for and successfully complete our franchisee education programs then required of new franchisees and pay our then current franchisee education fees and any other expenses we incur prior to the effective date of the transfer;
7. If transferee is an existing franchisee acquiring an existing Burn Boot Camp® Business, transferee must complete our initial franchisee education programs then required of new franchisees within ninety (90) days from the effective date of the written assumption agreement;
8. Franchisee shall have executed a general release, in a form satisfactory to us, of any and all claims against us and our officers, directors, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances;
9. The transferee (and, if an entity, its owners of a beneficial interest in the transferee as we may request) shall enter into a written assumption agreement, in a form satisfactory to us, assuming and agreeing to discharge all of Franchisee's obligations, known by transferee after reasonable inquiry, under this Agreement and/or any new franchise agreement;
10. The transferee must execute our then current form of Franchise Agreement for the remaining unexpired term of this Agreement, the terms of which may materially differ from the terms of this Agreement;
11. The transferee, at its expense, shall upgrade the Business to conform to the then-current standards and specifications of the System and shall complete the upgrading and other requirements within the time specified by us;
12. Franchisee must obtain and submit satisfactory evidence of transfer or consent of lenders, lessors and governmental authorities for all material permits, approvals and licenses;
13. The transferee shall agree to a sublease or to a transfer and assignment, and assumption of the lease of the Business from the original Franchisee and shall obtain the landlord's approval if required prior to any transfer or sublease, if applicable;
14. Franchisee must request that we provide the prospective transferee with our current form of disclosure document and we will not be liable for any representations not included in the disclosure document;

EXHIBIT A to DEVELOPMENT AGREEMENT

DATA SHEET

1. **Development Area.** The Development Area, as referred to in Section 1 of the Development Agreement, is described below (or an attached map) by geographic boundaries and will consist of the following area or areas:

2. **Number of Franchised Businesses.** Developer will be required to open the following total number of Franchised Businesses: _____

3. **Development Schedule.** Developer must open each Franchised Business according to the following development schedule:

Units Developed		Development Schedule*
<u>Units Developed</u>	Lease Signing Deadline	Opening Deadline*
Franchised Business #1		
Franchised Business #2		
Franchised Business #3		
Franchised Business #4		
Franchised Business #5		
Franchised Business #6		
Franchised Business #7		
Franchised Business #8		
Franchised Business #9		
Franchised Business #10		

* Developer ~~must sign each lease no later than the lease signing date, and~~ must open each Franchised Business no later than the opening deadline, ~~in each case~~ designated in the applicable Franchise Agreement, even if such deadline in the Franchise Agreement is earlier than the corresponding deadline designated for that Franchised Business in the Development Schedule listed above. Developer must sign the Franchise Agreement for each Franchised Business a

**ADDENDUM TO
KLINE FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA**

The Franchise Agreement between KLINE FRANCHISING, LLC, a North Carolina limited liability company (“Franchisor”) and _____ (“Franchisee”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

MINNESOTA LAW MODIFICATION

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be mended to be consistent with Minnesota Franchise Act. Minn. Stat. Section 80C.01 et. seq., and the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Agreement and/or Franchise Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Minnesota Department of Commerce requires that franchisors indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee’s use of the franchisor’s proprietary marks infringes trademark rights of the third party.

b. Minn. Stat. Sec. 80C.14. Subds. 3, 4, and 5 requires, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act’s requirements and shall have no force or effect.

c. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Franchise Act.

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	April 20, 2026
Maryland	Pending
Michigan	April 20, 2026
Minnesota	Pending
New York	Pending
North Dakota	Pending April 20, 2026
Rhode Island	Pending May 2, 2026
South Dakota	Pending April 20, 2026
Virginia	Pending
Washington	Pending
Wisconsin	April 20, 2026

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.