**FRANCHISE DISCLOSURE DOCUMENT**

**Hydrogen Franchising, LLC**

**ISSUANCE DATE: March 16, 2026**

# FRANCHISE DISCLOSURE DOCUMENT

**Hydrogen Franchising, LLC**
A Connecticut limited liability company
67 Burnside Ave
East Hartford, CT, 06108
(914) 875-3138
Franchise@hydrogenfranchising.com
www.HydrogenFranchising.com

Hydrogen Franchising, LLC d/b/a Hydrogen Fitness ("we", "us" or the "Franchisor") offers franchisees ("you" or the "Franchisee") the opportunity to operate a luxury fitness facility with fitness classes, free weights, cardio equipment, hydro bar and more under the trade name, logos and business system. (each a "Franchised Business").

The total investment necessary to begin operation of a Hydrogen Fitness franchise for one territory is from $983,000 to $2,804,500. This includes between $59,500 and $64,500 that must be paid to the franchisor or our affiliates.

The total investment necessary to operate multiple Franchised Businesses under our form of area development agreement depends on the number of Franchised Businesses we grant you the right to open. The total investment necessary to begin operations under a development agreement for the right to open between three (3) and ten (10) Franchised Businesses ranges from $1,063,000 to $3,104,500. This includes $139,500 to $364,500 that must be paid to us or our affiliates upon execution of your development agreement and prior to opening your first franchise in your development schedule.

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

You may wish to receive this Disclosure Document in another format that is more convenient for you. To discuss this availability of disclosures in different formats, please contact Jonathan Gutwein 67 Burnside Ave East Hartford, CT, 06108, (914) 875-3138, Franchise@hydrogenfranchising.com.

The terms of your franchise agreement will govern your franchise relationship. Do not rely on this Disclosure Document alone to understand your franchise agreement. Read all of your franchise agreement carefully. Show your franchise agreement and this Disclosure Document to an advisor, like a lawyer or 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 FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue N.W., Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising. There may also be laws on franchising in your state. Ask your state agencies about them.

**Issuance Date: March 16, 2026**

**State Cover Sheet**
**How to Use This Franchise Disclosure Document**

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

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

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

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

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

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

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

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

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

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

## Some States Require Registration

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

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

## Special Risks to Consider about *This* Franchise

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

**Out-of-State Dispute Resolution**. The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Connecticut. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Connecticut than in your own state.

**Personal Guaranty**. Franchisee and all owners must sign a personal guarantee.

**Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

**Short Operating History**. The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

**Minimum Payments.** You must make minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" pages for your state in Exhibit I.

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**EXHIBITS:**


A. FINANCIAL STATEMENTS
B. LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS
C. LIST OF CURRENT AND FORMER FRANCHISEES
D. OPERATIONS MANUAL TABLE OF CONTENTS
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**STATE OF MICHIGAN**
**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

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

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act [the Michigan Franchise Investment Law]. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration, of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection only applies if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, tradename, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state [Michigan]. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state [Michigan].

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Antitrust and Franchise Unit, 670 Law Building, Lansing, Michigan 48913, (517) 373-7117.

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

Hydrogen Franchising, LLC, is a Connecticut limited liability company. To simplify the language in this Disclosure Document, Hydrogen Franchising, LLC, will be referred to as "we" or "us." "You" means the individual, individuals, corporation, partnership, or limited liability company buying the franchise. If you are a business entity, each of the following individuals must sign our Guaranty: (i) each of your shareholders if you are a corporation; (ii) each of your partners if you are a general partnership; or (iii) each of your members and managers if you are a limited liability company. All of the provisions of our Franchise Agreement (a copy of which is attached as Exhibit E to this Disclosure Document) will apply to you and to each individual who signs the Guaranty.

### The Franchisor

We are a Connecticut limited liability company, formed on January 3, 2024, with a principal business address at 67 Burnside Ave East Hartford, CT, 06108. We do business under our corporate name and under the trade name "Hydrogen Fitness". We have offered franchises since March 2024. We have not conducted business in or offered franchises in any other line of business.

Our agents for service of process are identified in Exhibit B to this Disclosure Document.

### Parents, Predecessors, and Affiliates

We have no parent or predecessor.

Our affiliate, DJ Gym Westchester LLC, is a New York limited liability company with a principal business address at 208 E Hartsdale Ave Hartsdale NY, 10530. DJ Gym Westchester LLC has operated a Hydrogen Fitness Franchised Business in and around Hartsdale New York, similar to the Franchised Business we offer in this Disclosure Document, since 2019. DJ Gym Westchester LLC, NY will serve as the model store for training and related purposes. We refer to this affiliate-owned business as a "Company-Owned Outlet.

Our affiliate, DJ Gym Port Chester LLC, is a New York limited liability company with a principal business address at 11 Riverdale Ave Port Chester NY, 10573. DJ Gym Port Chester LLC has operated a Hydrogen Fitness Franchised Business in and around Port Chester New York, similar to the Franchised Business we offer in this Disclosure Document, since 2023. We refer to this affiliate-owned business as a "Company-Owned Outlet.

Our affiliate, EGOpharma LLC, is a Delaware limited liability company, with a principal business address 180 South Broadway Suite 206 White Plains NY 10605. EGOpharma LLC will be the provider of certain dietary supplements and other related products to the System.

Our affiliates have never offered franchises in any line of business.

**The Business We Offer**

We grant franchises for the right to operate a luxury fitness facility which offers training classes and other services related to personal fitness under the Hydrogen Fitness name and mark ("Proprietary Marks") and according to the standards, processes, procedures, and specifications we have established ("System"). The System is described in our confidential and proprietary Operations Manual ("Manual"). The System includes policies, procedures, and specifications governing the use of Proprietary Marks; decor and color schemes; furniture, fixtures, equipment, and display designs; know-how, training techniques, trade secrets; products and services; sales techniques; merchandising, marketing, advertising, and inventory management systems; quality control procedures; and other procedures for operation and management of Hydrogen Fitness businesses. We may periodically make changes to the System, including facility location requirements and design, signage, equipment, trade dress, and fixture requirements.

The Proprietary Marks include various trade names, trademarks, service marks, logos, and other indications of origin including the trademark "Hydrogen Fitness" and any Proprietary Marks we have designated or may in the future designate for use in connection with the System.

You must operate Franchised Business in accordance with our standard business operating practices and sign our standard franchise agreement ("Franchise Agreement"), which is attached to this Disclosure Document as Exhibit E. In the Franchise Agreement we grant you the right, and you undertake the obligation, to develop and operate one Hydrogen Fitness franchise location at a mutually agreed upon site (the "Approved Location") with an area (the "Site Selection Area") that we will specify in the Franchise Agreement. You will have no obligation, nor any right, to open any additional locations other than the Site or to use the Marks or the System in any wholesale, e-commerce, or other channel of distribution.

You must designate an owner with at least a 20% ownership interest in your Entity as the "Operating Principal". The Operating Principal must have authority over all business decisions related to your Franchised Business and must have the power to bind you in all dealings with us. In addition, you must appoint a trained manager (the "Key Manager") to manage the day-to-day business of your Franchised Business, who may also be the Operating Principal.

**Multi-Unit Offering**

We also offer qualified individuals the right to open and operate multiple Franchised Businesses within a defined geographical area (the "Development Area") by: (i) executing our current form of development agreement (the "Development Agreement") attached as Exhibit F to this Disclosure Document; and (ii) paying our then-current development fee upon execution of your Development Agreement, which will depend on the number of Franchised Businesses you agree to open.

You will be required to enter into our then-current form of franchise agreement, which may contain terms that are materially different from the Franchise Agreement in Exhibit E, for each of the Franchised Businesses you are required to open under the Development Agreement. You must execute the Franchise Agreement attached as Exhibit E for your initial Franchised Business contemporaneously with the execution of your Development Agreement. You must then ensure that you open and commence operations of each additional Franchised Business in the Development Area in accordance with a development schedule set forth in your Development Agreement (the "Development Schedule").

**Market and Competition**

The market for the products and services provided by a Hydrogen Fitness is mature and highly competitive. The target audience for Hydrogen Fitness businesses is a wide range of people interested in health, sports, nutrition and fitness, as well as retail and specialized services between the ages of 12 and 80.

You will compete directly with other local franchises and other businesses that sell and offer fitness training memberships and related services, as well as national and regional chains. This business is year-round and not seasonal.

We can give you no guarantee that your Franchised Business will be successful. There are many business risk factors that include, but are not limited to: changing market conditions, government regulations, demand, competition, supply cost, equipment, labor, health and continuity of management, quality and availability of labor, availability of financing, recession or depression (locally or nationally), wars, strikes, national emergencies, natural disasters, and liability and casualty losses. Your own efforts and skills as a business owner are necessary, but not a guarantee for the success of your Franchised Business. We do not warrant, represent or guarantee that any Franchised Business will be successful or that you will achieve any specific sales, profits or breakeven level. Unless you sign a Development Agreement, you have no obligation, nor any right, to open any additional Franchised Businesses.

**Applicable Industry-Specific Laws and Regulations**

In most states, there is currently no specific license needed to perform our services. If the state where your Franchised Business is located requires such a license, you must obtain one. The nature and amount of regulation could change rapidly relating to this Franchised Business. You should consult a lawyer with experience dealing with short-term rental businesses to be sure you are familiar with the current statutes and regulations that might apply within your territory.

There are statutes and regulations that are common to all businesses, including those governing health and labor issues, zoning, and safety. You must investigate, keep informed of, and comply with these laws.

We do not assume any responsibility for advising you on these matters. You should consult with your attorney about laws and regulations that may affect the Franchised Business and investigate the application of those laws further.

## ITEM 2
## BUSINESS EXPERIENCE

**Andrew Pinon- Chief Executive Officer**

Andrew Pinon has served as our Chief Executive Officer since January 3, 2024. Mr. Pinon has served as the Chief Executive Officer of Change My Body LLC, in Putnam Valley NY, since 2012.

**Jonathan Gutwein- President**

Jonathan Gutwein has served as our President since January 3, 2024. Mr. Gutwein has served as the President of our affiliate EGOpharma LLC, in White Plains, New York since 2003.

## ITEM 3
## LITIGATION

There is no litigation that is required to be disclosed in this Item.

## ITEM 4
## BANKRUPTCY

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

## ITEM 5
## INITIAL FEES

**Franchise Fee**

You must pay us an initial franchise fee ("Initial Franchise Fee") of $49,500 upon signing the Franchise Agreement for the operation of a Franchised Business in a single territory (a "Designated Territory"). The Initial Franchise Fee is uniform to all franchisees and deemed fully earned and nonrefundable upon payment.

**Opening Inventory Package**

You must pay us or our affiliates for the cost of certain branded materials and supplements required to operate the Franchised Business (the "Opening Inventory Package"). We estimate the Opening Inventory Package will be approximately $10,000 to $15,000 depending on the size of your Franchised Business. The Opening Inventory Package is deemed fully earned and nonrefundable upon payment.

**Development Fee**

If we determine that you are financially and operationally qualified to develop multiple Franchised Businesses, we may offer you the opportunity to enter into a Development Agreement, in which you will commit to develop a certain number of Franchised Businesses that you and we determine to be appropriate. If you enter into a Development Agreement, you must pay us a one-time development fee upon execution of your Development Agreement ("Development Fee"). Your Development Fee will depend on the number of Franchised Businesses we grant you the right to open within the Development Area, and is calculated as set forth in the table below:

| Number of Franchised Businesses We Grant You the Right to Develop | Franchise Fee | Cumulative Development Fee |
|---|---|---|
| 1 | $49,500 | $49,500 |
| 2 | $42,000 | $91,500 |
| 3 | $38,000 | $129,500 |
| 4 | $36,000 | $165,500 |
| 5+ | $34,000 | $199,500 |

If we permit, you to open more than five (5) Franchised Businesses under a Development Agreement your Development Fee will be equal to (i) $199,500; *plus* (ii) $30,000 for each additional Franchised Business we grant you the right to develop. You will be required to enter into our then current form of franchise agreement for each Franchised Business you wish to open under your Development Agreement, but you will not be required to pay any additional Initial Franchise Fee at the time you execute each of these Franchise Agreements. If you enter into a Development Agreement, you must execute our current form of Franchise Agreement for the initial Franchised Business we grant you the right to open within your Development Area concurrently with the Development Agreement.

**Refunds, Different Fees and Financing**

The Initial Franchise Fee, Development Fee and Opening Inventory Package are fully earned by us when paid and are not refundable under any circumstances. We may reduce, finance, defer or waive the Initial Franchise Fee, Development Fee and Opening Inventory Package if and when we determine, it is warranted by a unique or compelling situation. We generally do not provide financing for the Initial Franchise Fee, Development Fee or Opening Inventory Package. We may do so if and when we determine it is warranted by a unique or compelling situation.

(REMAINDER OF PAGE LEFT BLANK, ITEM 6 BEGINS ON NEXT PAGE)

## ITEM 6
## OTHER FEES

| Fee Type | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty Fee | The greater of 4% of Gross Revenue or $1,000 per month | Monthly | Gross Revenue is defined in Note 2 to this table. We reserve the right to change the timing and frequency of collection of the Royalty Fee with thirty days' notice to you. |
| Brand Fund Contribution | 2% of Gross Revenue;<br><br>Up to 4% of Gross Revenue | Monthly | We may increase the amount of the Brand Fund Contribution to a maximum of four (4) percent of Gross Revenue on thirty days' written notice. We further reserve the right to change the timing and frequency of collection of the Brand Fund Contribution with thirty days' notice to you. |
| Local Advertising Requirement | $4,000 per month during your first 12 months of operations. After the expiration of the 12-month anniversary of the opening date, we may, at our discretion, lower the expenditure requirement to $3,000 or such lower amount as we designate. | As incurred. | You must spend this amount monthly on advertising targeting the area in which you operate your Franchised Business.<br><br>We have the right to direct the kinds of advertising you engage in and to require you to pay this amount to us or a designated vendor for advertising services on your behalf. |
| Technology Fee | $150 per month | Monthly | The Technology Fee is charged in connection with certain digital products and services we provide to you for use in the operation of your Franchised Business.<br><br>We may modify the amount of the fee and the products/services covered by the fee on written notice to you. There is no contractual limit on our right to increase the amount of the Technology Fee except that fee increases will only be imposed in connection with changes in the services provided under |

| | | | |
|---|---|---|---|
| | | | the Technology Fee or increases in the cost of providing those services. |
| Training Fee | $0 for up to 3 people to attend our Initial Training Program<br><br>$500 per additional person to attend the Initial Training Program. | On demand | There is no fee for our Initial Training Program, but you must pay the costs and expenses of our or your travel and lodging in connection with any training program you attend, or we provide at your Franchised Business. |
| Ongoing Training Fee | $500 per day per employee, plus any costs of travel for additional or replacement training. | On demand | If you request or we determine you require additional or remedial training to conform operation of your Franchised Business to our System, you will pay this fee each day on a per trainer basis. |
| Transfer Fee | $10,000.<br><br>$2,500 non-refundable deposit. | Before such transfer becomes effective | See Note 3 below |
| Renewal Fee | Whichever is greater: (i) $10,000, or (ii) 25% of the then-current franchise fee per Designated Territory | On execution of the renewal Franchise Agreement | If you exercise a right to renew your Franchise Agreement, you will be required to execute our then-current form of Franchise Agreement.<br><br>You must pay this amount when you execute the Franchise Agreement for your renewal term. |
| Audit Fee | Our costs | On demand | If any audit of your Franchised Business determines you have underreported Gross Revenue by two percent or more, or if we perform an audit due to your failure to make any report required under your Franchise Agreement, you must reimburse us the costs of performing the audit in addition to paying the amount of any unpaid Royalty Fee and Brand Fund Contribution. |

| | | | |
|---|---|---|---|
| Interest | 5% per annum or the maximum rate permitted under applicable law, if less. | With overdue amount | Amounts unpaid when due under the Franchise Agreement will accrue interest from the date payment was due until payment is rendered in full. |
| Alternative Supplier Evaluation Fee | Our costs | On demand | If you ask us to evaluate any unapproved product or supplier for use in your Franchised Business, you must pay us our costs of performing such evaluation regardless of outcome. |
| Annual Convention Fee | $1,500/attendee | On demand | If we organize a convention for franchisees and your Operating Principal is required to attend and you must pay our then-current Convention Fee for each attendee, even if you choose not to attend. You will be responsible for all expenses incurred by you, related to your attendance. |
| Relocation Fee | $5,000 | With relocation request | If you ask to relocate your Franchised Business during the term of your Franchise Agreement, you must pay us this amount when you submit your request to change locations. |
| Management Fee | 5% of Gross Revenue for the period we manage the Franchised Business | With Royalty | If you ask and we agree, or we exercise any right under the Franchise Agreement to manage your Franchised Business on your behalf, we will be entitled to collect this amount in addition to your Royalty Fee. |
| Reimbursement | Our costs | On demand | If we incur any cost in satisfying any of your obligations under the Franchise Agreement or of your Franchised Business under any circumstances, you must reimburse us the amount of our costs including our administrative costs. |

| | | | |
|---|---|---|---|
| Liquidated Damages | Will vary under circumstances | Within 15 days after termination of the Franchise Agreement | Due only if we terminate the Franchise Agreement before the end of the term because of your violation of any of the terms of the non-competition provisions. |
| Costs and attorneys' fees, and expert fees | Will vary under circumstances | As incurred | Payable to us, to reimburse us for fees incurred by us in obtaining injunctive or legal relief for the enforcement of any item of the Franchise Agreement or for costs incurred for Arbitration proceedings. These fees are non-refundable |
| Indemnification | Amount of claims | On demand | Payable only if we incur any cost covered by your obligation to indemnify us under the Franchise Agreement. |
| Insurance | Will vary according to coverage and area | As incurred | You must be fully covered in all areas of operating a business. Earned premiums are not refundable. |

**Notes to Table 6:**

1. *Generally.* Unless otherwise stated, all fees paid to us are uniformly imposed and non-refundable. We reserve the right to collect any and all fees due to us through ACH. You may only have one bank account for the Franchised Business and in addition to the ability to ACH funds owed to us from that account, we must be permitted "view-only" access.

2. *Definition of Gross Revenue.* "Gross Revenue" is defined in the Franchise Agreement to include all income of any type or nature and from any source that you derive or receive directly or indirectly from, through, by, or on account of the operation of the Franchised Business, at any time after the signing of your Franchise Agreement, in whatever form and from whatever source, including, but not limited to, cash, services, in kind, from barter or exchange, gift cards (when purchased not when redeemed), on credit, or otherwise, as well as business interruption insurance proceeds, all without deduction for expenses, including marketing expenses and taxes. However, the definition of Gross Revenue does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities, or customer refunds or adjustments. Gross Revenues are calculated on a cash basis when a sale is made, not on an accrual basis.

3. You must pay us a transfer fee equal to $10,000 which includes a $2,500 non-refundable deposit per Designated Territory that is being transferred to transferee. If a third-party broker locates the transferee, you will also be solely responsible for any broker fees associated with the transfer. There are other conditions for transfer and all conditions must be met before the transfer is approved by us. See Item 17 in this Disclosure Document for additional information regarding transfer.

## ITEM 7
## ESTIMATED INITIAL INVESTMENT

**A. Single Unit Offering -**

| Type of Expenditure | Low Estimate | High Estimate | Method of Payment | When Due | To Whom Payment is to be Made |
|---|---|---|---|---|---|
| Initial Franchise Fee[1] | $49,500 | $49,500 | Lump sum | At signing of Franchise Agreement | Franchisor |
| Leasehold Improvments[2] | $520,000 | $1,300,000 | Lump sum | At signing of Franchise Agreement | Various providers |
| Rent – 3 Months[3] | $48,000 | $285,000 | As incurred | Before opening | Landlord |
| Signage[4] | $15,000 | $25,000 | As incurred | Before opening | Various suppliers |
| Opening Inventory Package[5] | $10,000 | $15,000 | As incurred | Before opening | Franchisor or Affiliates |
| Equipment[6] | $200,000 | $800,000 | As incurred | Before opening | Various suppliers |
| Management and Technology System[7] | $10,000 | $15,000 | As incurred | As incurred | Various suppliers |
| Insurance[8] | $25,000 | $25,000 | As incurred | Before opening | Insurance company |
| Travel and Living Expenses While Training[9] | $5,000 | $5,000 | As incurred | Before opening | Airline, hotel, various providers |
| Grand Opening Marketing[10] | $15,000 | $15,000 | As incurred | Before opening | Third-parties |
| Professional Fees[11] | $10,000 | $10,000 | As arranged | Before opening | Attorneys, accountants |
| Business Permits and Licenses[12] | $1,000 | $10,000 | As incurred | Before opening | Licensing Authorities |
| Additional funds – 3 Months[13] | $75,000 | $250,000 | As incurred | After opening | Various |
| **TOTAL[14]** | **$983,000** | **$2,804,500** | | | |

Notes to Table 7:

1. Initial Franchise Fee. The Initial Franchise Fee is fully earned when due, non-refundable, and except as described in this Disclosure Document, uniformly imposed among franchisees. See Item 5 for additional information.

2. Leasehold Improvements. The cost of leasehold improvements will vary depending on (i) the size and configuration of the premises which will be approximately 10,000 to 40,000 square feet of space; (ii) pre-construction costs (e.g., demolition of existing walls and removal of existing improvements and fixtures); and (iii) cost or materials and labor which may vary based on geography and location. It includes the net cost of leasehold improvements, including, wall treatments, ceilings, painting, electrical, carpentry, plumbing, HVAC, and similar work, as well as materials and the cost of labor. These amounts may vary substantially based on local conditions, including the availability and prices of labor and materials. These amounts may also vary depending on whether certain of these costs will be incurred by the landlord and allocated over the term of the lease. In certain major metropolitan markets such as Boston, Chicago, New York, Los Angeles, San Francisco, Seattle, and Washington, D.C., costs could be higher than the estimates provided here due to local market rates for materials and labor. You must adapt our prototypical plans and specifications for the construction and finish-out of the Franchised Business, including approved flooring and other vendors or materials as designated.

This estimate also includes amounts you may expend in connection with architectural services, sound engineer consultants, utility deposits, and expenses incurred to acquire the required local business licenses and permits. We make no representations or assurances as to what (if any) licenses, permits, authorizations or otherwise may be required in connection with your Franchised Business. You should investigate applicable requirements in your area and the related costs, including receiving advice from regulatory agencies and your own lawyer, before making any commitments, whether to us or anyone else.

3. Rent – 3 months. This estimate represents three months of rent plus a security deposit for a typical Franchised Business. Pre-paid rent is generally non-refundable while security or other deposits may be refundable either in full or in part depending on your lease or rental contract. The amount of rent will depend on local market conditions. This estimate assumes you will be leasing space and that you will not be purchasing property and constructing your own building for your Franchised Business.

4. Signage. These figures estimate the cost of the required signage which must be mounted to the outside of the building. These estimates also include the cost of certain required interior signage such as logo graphics for the windows and various other elements of brand identification within the location such as wall graphics.

5. Opening Inventory Package. These figures estimate the cost of certain branded materials and supplements required to operate the Franchised Business which you much purchase from us or our affiliates.

6. Equipment. These figures estimate the cost of the equipment needed to operate your Franchised Business. This includes but is not limited to free weights, cardio equipment, and other equipment. These estimates do not include any transportation or set up costs.

7. Management and Technology System. These figures estimate is the cost of the required point of sales system, and computer equipment required to operate the Franchised Business. This estimate also includes the cost of the required software from our approved vendor, over a three-month period.

8. Insurance. This estimates the pro-rated cost of insurance over a three-month period. The cost of coverage will vary based on the area in which your Franchised Business will be located, your experience with the insurance carrier, the loss experience of the carrier and other factors beyond our control. These figures are based on an estimated price of required insurance coverage provided to us by our approved insurance provider.

9. Training Expenses. These figures estimate is the cost for three people, including you or your Operating Principal (if you are an entity), and your Key Manager to attend our initial training program held at our location. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation, and living expenses (food, transportation, etc.). This estimate does not include the cost of any salaries for your employees.

10. Grand Opening Advertising. You will be required to spend a minimum of $15,000 in connection with the opening of the Franchised Business. You may be required to expend all or some portion of these funds on products/services received from an approved supplier we designated or approve, and all materials used in connection with your grand opening campaign must be approved by us if not previously designated for use.

11. Professional Fees. These fees are representative of the cost to engage professionals such as attorneys and accountants for the initial review and advice related to the start-up of a Franchised Business. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your Franchised Business.

12. Business Permits and Licenses. You are responsible for applying for, obtaining, and maintaining all required permits and licenses necessary to operate the Franchised Business.

13. Additional Funds – 3 Months. This is an estimate of the amount of additional operating capital that you may need to operate your Franchised Business during the first three months after commencing operations. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate also includes such items as initial payroll and payroll taxes, additional advertising, marketing and/or promotional activities, repairs and maintenance, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, state tax and license fees, deposits and prepaid expenses (if applicable) and other miscellaneous items as offset by the revenue you take into the Franchised Business. These items are by no means all-inclusive of the extent of the expense categorization. The expenses you incur during the initial start-up period will depend on factors such as the time of the year that you open, both local economic and market conditions, as well as your business experience.

14. TOTAL. This total amount is based on our costs in establishing our Company Owned Outlets and estimates provided by third-party service providers or based on our assessment of current market conditions. Your costs may vary based on a number of factors including but not limited to the geographic area in which you open, local market conditions, the location selected, the time it takes to build sales of the establishment and your skills at operating a business. We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area. We do not directly or indirectly finance any portion of your initial investment.

15. All fees listed in this Item 7 table are deemed to be non-refundable upon payment unless otherwise stated.

**B. YOUR ESTIMATED INITIAL INVESTMENT - (MULTIPLE FRANCHISED BUSINESSS DEVELOPED UNDER DEVELOPMENT AGREEMENT)**

| Type of Expenditure | Low Estimate (3) | High Estimate (10) | Method of Payment | When Due | To Whom Payment Is Made |
|---|---|---|---|---|---|
| **Development Fee (1)** | $129,500 | $349,500 | Lump sum | When sign Development Agreement | Us |
| **Estimated Initial Investment for First Franchised Business (2)** | $933,500 | $2,755,000 | As incurred | As incurred | Us and third parties |
| **TOTAL (3)** | **$1,063,000** | **$3,104,500** | | | |

**Notes**:

1. Generally. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. This chart details the estimated initial investment associated with executing a Development Agreement for the right to own and operate between three to ten Franchised Businesses, as well as the initial investment to open your first Franchised Business under your Development Schedule

2. Development Fee. The Development Fee is non-refundable. The Development Fee is described in greater detail in Item 5 of this Disclosure Document, and the Development Fee provided as an example in this Chart 7(B) is for the right to open and operate between three to ten Franchised Businesses (provided you comply with your development obligations under the Development Agreement).

Estimated Initial Investment for First Franchised Business. For each Franchised Business that you develop under a Development Agreement, you will execute a Franchise Agreement and incur the initial investment expenses for the development of a single Franchised Business as described in the first table of this Item 7. This estimate is based on the expenses described in the first table of this Item 7. The estimate does not include the Initial Franchise Fee since the Development Fee is credited towards the Initial Franchise Fee for each Franchised Business

## ITEM 8
## RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

**Authorized Products and Services.**

We have the right to require that furniture, fixtures, signs and equipment (the "Operating Assets") and products, supplies, and services that you purchase for resale or purchase or lease for use in your Franchised Business: (i) meet specifications that we establish from time to time; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from suppliers or service providers that we have expressly approved; and/or (iv) be purchased or leased only from a single source that we designate (which may include us or our affiliates or a buying cooperative organized by us or our affiliates).

You must offer to customers only the products and services we approve in writing. In addition, you must offer the specific products and services that we require in the Manuals or otherwise in writing. We may change these specifications periodically, and we may designate specific products or services as optional or mandatory. You must offer all products or services that we designate as mandatory. You may sell products and services only in the varieties, forms, and packages that we have approved in accordance with the System. You must maintain a sufficient supply of required products to meet the inventory standards we prescribe in the Manuals (or to meet reasonably anticipated customer demand, if we have not prescribed specific standards).

We may require you to purchase merchant processing services from us, our affiliates, or an approved vendor we select. You must (i) require your customers to pay all services and other fees through the Management and Technology System; or (ii) enter all other payments received from customers into the Management and Technology System upon receipt. When you begin collecting revenue in your Franchised Business, the payment processor may process all credit card payments related to your Franchised Business, and remit payment to you of all monies owed, after withholding any Technology Fees, Royalty Fees, or Brand Fund Contribution payable to us and any payment processing fees payable to such processor.

You must offer products and services in accordance with the System. You must offer at the Franchised Business any products or services that we deem to be mandatory. Any products, services, methods, or procedures that you or your employees develop must be consistent with the standards that we specify from time to time. If we disapprove of any product or service that you offer, you must immediately discontinue offering the product or service in accordance with our instructions.

**Items You Must Purchase from Us or Affiliates**

Currently you must purchase the Opening Inventory Package and certain ongoing, branded inventory, supplements and vitamins from us or our affiliates prior to opening and during the operation of your Franchised Business. We reserve the right to designate ourselves or our affiliates as approved suppliers at any time.

**Items You Must Purchase from Designated or Approved Third Parties**

You must purchase all gym equipment and certain branded inventory and supplements from approved suppliers. We reserve the right to designate ourselves or our affiliates as approved suppliers at any time.

**Items That Must Meet Our Specifications**

For some products and services, we have not designated a specific source or vendor that you must use, but you must follow our specifications and/or obtain our approval of the vendor. As of the date of this disclosure document, they include:

Insurance. You must maintain the types and minimum amounts of insurance coverage and bonds we specify for the Franchised Business. The table below sets out our required and recommended insurance coverage as of the date of this disclosure document:

| Type | Minimum Coverage |
|---|---|
| Comprehensive General Liability | $1 million per incident / $2 million aggregate |
| Commercial Umbrella Policy | $1 million excess over all underlying liability coverages per occurrence and $1 million in the aggregate |
| Business Interruption | 12 months loss of income, including coverage for our Royalty Fees with no co-insurance clause |
| Product Liability | $1 million policy limit |
| Workers' Compensation | As required by law in your area |
| Crime Insurance for Employee Dishonesty | $50,000 combined single limit |
| Employer Liability | $100,000 per incident |
| Auto Insurance | Coverage to comply with law |

Your insurance policies must be written by a carrier with an industry rating acceptable to us, name us, Hydrogen Franchising, LLC, and our parents, subsidiaries, and affiliates, and their respective officers, directors, members, shareholders, and employees as additional insureds, and must not have deductibles or co-insurance that are unacceptable to us. All public liability and property damage policies must be primary and non-contributory and must contain a waiver by the insurance company of subrogation rights against us and our affiliates, successors, and assigns.

Prior to opening your Franchised Business, you must provide us with certificates of insurance demonstrating that you have met the requirements. At least thirty (30) days before expiration of a policy, you must furnish evidence of renewal or replacement insurance. If you do not obtain the required coverage, we have the right (but not obligation) to obtain insurance on your behalf. If we do so, you must reimburse us for the cost of insurance, plus a reasonable fee for our services. We can increase the coverage requirements or require different or additional kinds of insurance.

**Approval Process**

If you would like to offer products or use any supplies, Operating Assets, or services that we have not approved or to purchase or lease from a supplier or service provider that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed supplier's facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. Proposed suppliers may be required to come to our offices in order for us to make an evaluation. You agree to pay us an amount not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. We have the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within 90 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request. You acknowledge that the products and services that we approve for you to offer in your Franchised Business may differ from those that we permit or require to be offered in other Franchised Businesses.

We reserve the right to re-inspect the facilities and products of any approved supplier and to reevaluate the services provided by any service provider at and to revoke approval of the item, service, supplier, or service provider if any fail to meet any of our then-current criteria. If we revoke approval of a previously approved product that you have been selling to customers or service that you have been offering to customers, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to 30 days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation. After the 30-day period, or such shorter period that we may designate, you must dispose of your remaining formerly approved inventory as we direct.

**Issuance of Specifications and Standards**

To the extent that we establish specifications, require approval of suppliers or service providers, or designate specific suppliers or service providers for particular items or services, we will publish our requirements in the Manuals. We may, at any time, in our discretion, change, delete, or add to any of our specifications or quality standards. Such modifications, however, will generally be uniform for all franchisees. We will notify you of any changes to our Manuals, specifications, or standards in writing, which we may transmit to you electronically.

**Proportion of Purchases Subject to Specifications**

We estimate that the cost to purchase and lease all equipment, inventory and other items and services that we require you to obtain from us or our affiliates, from designated suppliers, or in accordance with our specifications ranges from 80% to 90% of the total cost to purchase and lease equipment, inventory, and other items necessary to establish a Franchised Business and 80% to 90% of the total cost to purchase and lease equipment, inventory, and other items to operate a Franchised Business.

**Revenue from Purchases**

We or our affiliates may receive revenues or profits or other material consideration from the purchases you make from us, our affiliates, or from other approved suppliers. We or our affiliates intend to earn revenue from your purchase of apparel and merchandise, project management services, furniture, fixtures, equipment, technology, signage and graphics, services we or they may offer, and other items that we may specify from time to time. We or our affiliates may retain any rebates or other payments we receive from suppliers.

In the last fiscal year ending on December 31, 2025, we have not established arrangements with any suppliers which require the supplier to make rebate payments to us, but we reserve the right to do so in the future. In the last fiscal year ending on December 31, 2025, we have not received any rebates from the required purchase of products and services by our franchisees. Neither we or our affiliates have received any revenue, rebates or other material consideration from franchisee required purchases as of the issuance of this Disclosure Document.

**Cooperatives and Purchase Arrangements**

We are not involved in any purchasing or distribution cooperatives. We may, but are not obligated to, negotiate purchase arrangements with suppliers for the benefit of franchisees.

**Material Benefits**

We do not provide any material benefits to franchisees (for example, renewal or granting additional franchises) based upon their purchase of particular products or services or use of particular suppliers.

## ITEM 9
## FRANCHISEE'S OBLIGATIONS

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

| Obligation | | Section in Franchise Agreement (FA) (or Development Agreement (DA)) | Item in Disclosure Document |
|---|---|---|---|
| a. | Site selection and acquisition/lease | FA Article VI | Items 6 and 11 |
| b. | Pre-opening purchases/leases | FA §5.9 | Items 7 and 8 |
| c. | Site development and other pre-opening requirements | FA Article VI | Items 6, 7 and 11 |
| d. | Initial and ongoing training | FA §6.3 | Items 6, 7 and 11 |
| e. | Opening | FA §7.1 | Item 11 |
| f. | Fees | FA Article V | Items 5, 6 and 7 |
| g. | Compliance with standards and policies/Operations Manual | FA 6.4 | Items 8 and 11 |
| h. | Trademarks and proprietary information | FA Article IV & XII | Items 13 and 14 |
| i. | Restrictions on products/services offered | FA §7.1, 8.1, 8.4 | Items 8 and 16 |
| j. | Warranty and client service requirements | FA Article VIII | Item 11 |
| k. | Territorial development | FA §1.3 | Item 12 |
| l. | On-going product/service purchases | FA Article VIII | Item 8 |
| m. | Maintenance, appearance, and remodeling requirements | FA §7.1 | Items 6 and 11 |
| n. | Insurance | FA §10.4 | Items 6, 7 and 8 |
| o. | Advertising | FA Article IX | Items 6, 7 and 11 |
| p. | Indemnification | FA §11.2 | Item 6 |
| q. | Owner's participation/management/staffing | FA §8.6 | Items 11 and 15 |
| r. | Records/reports | FA §10.1 | Item 6 |
| s. | Inspections/audits | FA 10.2 | Items 6 and 11 |
| t. | Transfer | FA Article XIV | Item 17 |
| u. | Renewal | FA §3.2 | Item 17 |
| v. | Post-termination obligations | FA Article XI & XV | Item 17 |
| w. | Non-competition covenants | FA Article XIII | Item 17 |
| x. | Dispute resolution | FA Article XVI | Item 17 |

## ITEM 10
## FINANCING

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

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

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

**Pre-Opening Obligations**

For all Franchise Agreements, whether executed pursuant to a Development Agreement or otherwise, before you open your Franchised Business, we are obligated under the Franchise Agreement to:

1. We will provide you (or, if you are an entity, your Operating Principal), as well as your Key Manager (if appointed) with the respective initial training that such individuals are required to attend and complete prior to opening your Franchised Business. We will provide this Initial Training Program at our corporate headquarters or other training facility we designate, and this initial training (as well as other training provided by us in connection with your Franchised Business) is described more fully below in this Item under the heading "Training." (Franchise Agreement, Section 6.3).

2. If the Approved Location for your Franchised Business has not been identified at the time the Franchise Agreement is signed, we will work with you to designate a geographical area within which you must secure an Approved Location for your Franchised Business. (Franchise Agreement, Section 1.3). We will also comply with our obligations with respect to site selection assistance and site approval as set forth more fully below in this Item under the heading "Site Selection and Opening."

3. Prior to you attending your required initial training, we will loan you one copy of the Manual, which contains mandatory and suggested specifications, standards and procedures. The Manual is confidential and remains our property. We may modify the Manual. (Franchise Agreement, Section 6.4). The Table of Contents of the Manual is attached to this Disclosure Document as Exhibit D.

4. Within 30 calendar days of execution of your Franchise Agreement, we will provide you (through the Manual or otherwise) with specifications for the layout and design of the Franchised Business (Franchise Agreement, Sections 6.2, 7.1 and 7.3).

5. Within 30 calendar days of execution of your Franchise Agreement, we will provide you (through the Manual or otherwise) with a list of the equipment and gear, standard fixtures, furnishings, supplies, and signs to be used in the Franchised Business, as well as certain other required items and a list of approved suppliers (Franchise Agreement, Section 6.6).

   We will provide you with the Opening Inventory Package (as described in more detail in Item 5 of this Disclosure Document), which does not include the cost of shipping and installation. Currently, these items are purchased directly from us, but we reserve the right to designate another approved supplier in our sole discretion. We do not provide written specifications for the items comprising the Opening Inventory Package other than those descriptions that are included in the Manual.

6. We will license to you the right to use our trademarks (Franchise Agreement, Section 4.2)

7. We may consult and advise you on the advertising, marketing, and promotion associated with the grand opening of your Franchised Business, as described more fully below in Item 11 (Franchise Agreement, sections 6.9 and 9.2).

**Site Selection and Opening**

You must acquire an acceptable site within six (6) months of signing your Franchise Agreement and open your Franchised Business within twelve (12) months from the effective date of the Franchise Agreement. If you fail to open within twelve (12) months, we may grant you a three (3) month extension so long as you are actively pursuing an acceptable location, and we may require you to execute a general release as a condition for granting this extension. If your Franchised Business is not open within one year from the effective date of the Franchisee Agreement, and we determine that you are not actively pursuing a location for your Franchised Business, we may terminate the Franchise Agreement. (Franchise Agreement, Sections 1.2 & 2.2).

We will provide such site selection guidelines and consultation as we deem advisable in our discretion. We consider factors such as size, location, traffic patterns, visibility from roadways, parking space, and other relevant factors In connection with our approval of each site, you shall provide us with a copy of the lease or purchase agreement for such site, and if requested, with the acquisition, development, and construction costs, and such other information as may be reasonably requested, so that we can evaluate the proposal. For the avoidance of doubt, our approval process may take up to two (2) weeks after your submission of all required materials, and you are solely responsible for proposing sites early enough to allow us to complete the review process prior to your applicable deadline. No proposed site shall be deemed approved unless it has been expressly approved in writing by us. In addition to reviewing the information provided by you, we will have the right to conduct such on-site evaluations as we deem necessary in our discretion. If we are unable to agree upon a site, we reserve the right to terminate the Franchise Agreement and any amount paid to us will be deemed forfeited. We generally do not own the premises and do not lease it to the franchisee. We do not provide assistance with conforming the premises to local ordinances and building codes and obtaining any required permits, and/or constructing, remodeling, or decorating the premises, and/or hiring and training employees.

We anticipate that franchisees will typically open for business within nine (9) to twelve (12) months of signing the Franchise Agreement. The actual length of time it will take you to open your Franchised Business will depend on certain critical factors such as: (i) your ability to obtain a mutually acceptable site and the lease for the site; (ii) your ability to obtain acceptable financing; (iii) your ability to timely obtain required permits and licenses; (iv) the scheduling of the training program; (v) the timely completion of leasehold improvements; and (vi) the amount of time necessary to train personnel and to obtain necessary inventory, equipment and supplies.

Before opening, you must obtain our written approval for the Approved Location and lease. There is no contractual limit on the time it takes us to accept or reject your proposed location. Generally, we do not take more than thirty (30) days from the time we receive the information requested by us, to accept or reject your proposed location. (Franchise Agreement, Section 1.2)

You may not open for business until: (i) you pay the Initial Franchise Fee and other amounts due to us or our affiliates, parent or predecessor; (ii) we notify you in writing that your Franchised Business meets our standards and specifications; (iii) you (or your Operating Principal) and your Key Manager have successfully completed initial training to our satisfaction and have obtained the required certifications; and (iv) you have provided us with certificates of insurance for all required insurance policies; (v) you have received our written approval.

**Continuing Obligations**

During the operation of your Franchised Business, we are obligated under the Franchise Agreement to:

1. We will specify or approve certain equipment and suppliers to be used in the Franchised Business (Franchise Agreement, Sections 6.6 and 7.1).

2. We will provide additional training to you and any of your personnel at your request, subject to the availability of suitable trainers and payment of required fees as applicable (Franchise Agreement, Section 6.3).

3. If you do not obtain and maintain appropriate insurance coverage, we may procure the coverage on your behalf. We will pass the cost onto you. (Franchise Agreement, Section 10.4.C.)

4. We may institute various programs for auditing customer satisfaction and/or other quality control measures (Franchise Agreement, Section 8.2).

5. We will maintain and administer the Brand Fund (the "Brand Fund") as described more fully under the "Advertising Programs" heading below (Franchise Agreement, Section 9.1).

**Advertising Programs**

Brand Fund

We have established a brand awareness fund for the common benefit of System franchisees (the "Brand Fund"). Currently, you must contribute 2% of your monthly Gross Revenue to the Brand Fund (the "Brand Fund Contribution"). We reserve the right to increase your Brand Fund Contribution to an amount equal to 4% of Gross Revenue upon 30 days' notice to you. We have the right to use Brand Fund Contributions, in our sole discretion, to develop, produce, and distribute national, regional and/or local advertising and to create advertising and public relations materials which promote, in our sole judgment, the products offered by System franchisees. We may use the Brand Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including: (a) the cost of preparing and producing television, radio, magazine, Internet, and newspaper advertising campaigns; (b) the cost of direct mail and outdoor billboard advertising; (c) the cost of public relations activities and advertising agencies; (d) the cost of developing and maintaining an Internet website, which may be used to collect customer orders, conduct surveys; and (e) personnel and other departmental costs for advertising that we internally administer or prepare. (Franchise Agreement, Sections 5.5 and 9.1).

The Brand Fund will be administered by us once. We may also establish a Brand Fund Committee (the "BFC") to help advise on matters related to the Brand Fund. In the event we establish the BFC, the Brand Fund will still be administered by us with the BFC serving in an advisory capacity only. The Brand Fund will be maintained and operated by us to meet the costs of conducting regional and national advertising and promotional efforts, other brand development activities, as well as related technology used to implement the foregoing (i.e., digital marketing platform, System web portal) that we determine beneficial to the System. The BFC, if established, will serve in an advisory capacity only. We will direct all public relations, advertising, and promotions with sole discretion over the message, creative concepts, materials, and media used in the programs and the placement and allocation thereof. We have the power to form, change, or dissolve the Brand Fund and/or BFC. We will pay for these activities from the Brand Fund. The Brand Fund Contributions may be used for traditional and digital advertising activities, such as website development, social media, public relations, advertising campaigns (television, radio, print or other media), or other promotions which will raise awareness of the Hydrogen Fitness brand. (Franchise Agreement, Sections 6.8 and 9.1).

We are not obligated to ensure that Brand Fund activities or dollars are spent equally, on a pro rata basis, either on your Franchised Business, or all Franchised Businesses in an area. A brief statement regarding the availability of Hydrogen Fitness franchises may be included in advertising and other items produced using the Brand Fund, but we currently do not use the Brand Fund to pay for franchise sales or solicitations, though we reserve the right to do so in the future.

Reasonable disbursements from the Brand Fund will be made solely for the payment of expenses incurred in connection with the general promotion of the Marks and the System, including the cost of formulating, developing and implementing advertising and promotional campaigns; and the reasonable costs of administering the Brand Fund, including accounting expenses and the actual costs of salaries and fringe benefits paid to our employees engaged in administration of the Brand Fund. The Brand Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the Brand Fund. We are not required to audit our Brand Fund expenditures, but we reserve the right to do so and cover the costs associated with the audit from the Brand Fund. Otherwise, we will prepare and make available to our franchisees, upon request, a basic accounting of the Brand Fund for a given fiscal year after 120 days have passed since that year's end. Any company-owned or affiliate-owned Franchised businesses we may open will contribute to the Brand Fund at the rate provided in our Franchise Disclosure Document. Should the advertising contribution for the System decrease at any time, we have the right to reduce our contribution from company-owned or affiliate-owned Franchised Businesses to the rate specified for franchised locations.

As of the last fiscal year ending on December 31, 2025, we don't collect any amount in Brand Fund Contributions. We are not required to spend all Brand Fund Contributions in the fiscal year they are received.

You agree to participate in all Brand Fund programs. The Brand Fund may furnish you with marketing, advertising and promotional materials; however, we may require that you pay the cost of producing, shipping and handling such materials.

Local Advertising Expenditure

We require you to spend $4,000 per month. in your local and digital marketing targeting your area (your "Local Advertising Requirement"). After the expiration of the 12-month anniversary of the opening date, we may, in our discretion, lower the expenditure requirement to $3,000 or such lower amount as we designate. You must obtain our advance written approval prior to using or producing any advertising or marketing materials using any of the Marks, in whole or in part. We will have the final decision on all creative development of advertising and promotional messages. If our written approval is not received within 14 days from the date we received the material, the material is deemed disapproved. We reserve the right to require you to discontinue the use of any advertising or marketing materials. You must first obtain our advanced written approval before employing any form of co-branding, or advertising with other brands, products or services. (Franchise Agreement, Section 9.2).

**Pre-Opening Membership Sales**

You may perform pre-opening membership sales activities during the 5-month period preceding opening your Franchised Business (or such other period as we may prescribe). All such membership sales activities must comply with the Manual and the Franchise Agreement. Before you may commence membership sales activities: (i) you must have received notice that we activated your designated online account that allows you to manage and track memberships and sales for your Franchised Business, and authorized you in writing to sell memberships to the public; (ii) you (or your Operating Principal) and the Key Manager must complete to our satisfaction the presales training program; and (iii) you must have secured all financing and permits necessary to develop, build and fully equip the Franchised Business as set forth in the Franchise Agreement. You must also comply with and certify to us in writing that you have obtained all necessary bonds and otherwise have complied, and will comply, with all applicable laws relating to your presale of memberships.

**Grand Opening Advertising**

In addition to the Local Advertising Requirement, you will be required to expend a minimum of $15,000 in connection with the opening of the Franchised Business. You may be required to expend all or some portion of these funds on products/services received from an approved supplier we designated or approve, and all materials used in connection with your grand opening campaign must be approved by us if not previously designated for use. We expect that you will typically be required to expend these amounts in the 30-60 days prior to opening and in the 30-day period following opening. (Franchise Agreement, Section 9.2)

**Advertising Cooperatives**

If we establish an advertising cooperative within a geographically defined local or regional marketing area in which your Franchised Business is located, you must participate and abide by any rules and procedures the cooperative adopts and we approve. You will contribute to your respective cooperative an amount determined by the cooperative, but not to exceed two percent of your monthly Gross Revenues. Amounts contributed to a cooperative will be credited against monies you are otherwise required to spend on local advertising. We have the right to draft your bank account for the advertising cooperative contribution and to pass those funds on to your respective cooperative. Our affiliates owned businesses will have no obligation to participate in any such advertising cooperatives.

The cooperative members will be responsible for the administration of their respective advertising cooperative, as will be stated in by-laws that we approve. The by-laws and governing agreements will be made available for review by the cooperative's franchisee members. We may require a cooperative to prepare annual or periodic financial statements for our review. Each cooperative will maintain its own funds; however, we have the right to review the cooperative's finances, if we so choose. Your Franchised Business may not benefit directly or proportionately to its contribution to the Cooperative.

We reserve the right to approve all of a cooperative's marketing programs and advertising materials. On thirty days written notice to affected franchisees, we may terminate or suspend a cooperative's program or operations. We may form, change, dissolve, or merge any advertising cooperative.

**Franchise Advisory Council**

We reserve the right to establish a franchise advisory council for the purpose of promoting constructive and open communication between Hydrogen Fitness franchisees generally and us regarding the soundness of and means for improving the System, new initiatives, and other matters bearing on the Brand. The council will act only in an advisory capacity and will have no operational or decision-making authority. If established we will designate the frequency in which meetings will be held either in person or by teleconference at our then current headquarters. We retain the right to modify the composition, constitution and purpose of the council in all respects and for all purposes or to otherwise terminate its existence at any time in our discretion.

**Gift Cards and Loyalty and Membership Programs**

You must, at your expense, participate in, and comply with the requirements of, any gift certificate, gift card, stored value card, customer loyalty or customer retention program (e.g., customer e-mail program), and membership program that we or our affiliates implement and must sign the forms and take any other action that we or our affiliates require in order for you to participate in such programs. You must honor coupons, stored value cards, gift certificates, gift cards, or memberships sold or distributed by other Hydrogen Fitness franchisees and include the related proceeds in Gross Revenue strictly in accordance with the Standards. You will not issue or offer any gift certificate, gift card, stored value card, customer loyalty or retention program or membership program without our prior written approval. You will utilize a vendor approved by us or our affiliates for gift card processing and membership program administration.

**Management and Technology System**

You must obtain, maintain, and use the hardware, software, other equipment, and network connections that we specify periodically in the Manuals necessary to operate our customer relationship management system and other technology systems that we designate (collectively, the "Management and Technology System"). You must use the Management and Technology System to (i) enter and track purchase orders and receipts, attendance, and customer information, (ii) update inventory, (iii) enter and manage your customers' contact information, (iv) generate sales reports and analysis relating to your Franchised Business, and (iv) provide other services relating to the operation of the Franchised Business. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute and pay any fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require. You must replace, upgrade, or update at your expense the Management and Technology System as we may require periodically without limitation. We will establish reasonable deadlines for implementation of any changes to our Management and Technology System requirements.

The Management and Technology System currently includes a computer, a printer, and other equipment which is necessary to operate your Franchised Business. Specifications for the brand, operating capabilities, and functionality of these hardware components will be set forth in the Manuals and are subject to change. At a minimum, the components of the Management and Technology System must be connected to the internet via a high-speed internet connection and must be able to run our designated software programs and general business software such as email, word processing, and similar programs.

The Management and Technology System will use third-party software from our approved vendors for point-of-sale functions, email marketing, and all customer management functions. For any proprietary software or third-party software that we require you to use, you must execute and be responsible for the fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require.

We anticipate that the Management and Technology System will cost between $10,000 and $15,000. We, or our approved suppliers, will act as vendors or suppliers of some or all of the components of the Management and Technology System. We, our affiliates, and third-party vendors are not obligated to provide you with any ongoing maintenance, repairs, upgrades, or updates. Vendors may be able to offer optional maintenance, updating, upgrading, or support contracts to you, which we estimate may cost between $2,500 to $3,000 per year.

The Management and Technology System will be dedicated for business uses relating to the operation of the Franchised Business; (i) to use the Management and Technology System in accordance with our policies and operational procedures; (ii) to transmit financial and operating data to us as required by the Manuals; (iii) to do all things necessary to give us unrestricted access to the Management and Technology System at all times (including users IDs and passwords, if necessary) so that we may independently download and transfer data via a modem or other connection that we specify; (iv) to maintain the Management and Technology System in good working order at your own expense; (v) to ensure that your employees are adequately trained in the use of the Management and Technology System and our related policies and procedures; and (vi) not to load or permit any unauthorized programs or games on any hardware included in the Management and Technology System.

You also must comply with all laws and payment card provider standards relating to the security of the Management and Technology System, including, without limitation, the Payment Card Industry Data Security Standards. You are responsible for any and all consequences that may arise if the system is not properly operated, maintained and upgraded or if the Management and Technology System (or any of its components) fails to operate on a continuous basis or as we or you expect.

You, at all times, must give us unrestricted and independent electronic access (including users IDs and passwords, if necessary) to the Management and Technology System for the purposes of obtaining the information relating to the Franchised Business. You must permit us to download and transfer data via a high-speed internet connection or such other connection that we specify on a real-time basis. There are no contractual limitations on our right to access data stored in the Management and Technology System.

You must dedicate your computer system for use as the Management and Technology System only and use the Management and Technology System in accordance with our policies and operational procedures. Your employees must complete any and all training programs we reasonably require for the proper operation and use of the Management and Technology System. You may not use any other cash registers or computer systems in your Franchised Business.

**Social Media**

In order to maintain a consistent image and message and to protect the Marks and the System, you must not participate or market through the use of social technology, social media such as Facebook, Instagram, TikTok, Pinterest and Twitter, social networking platforms or other forms of electronic media not yet developed ("Social Media Platforms") using the Marks, or in connection with the your Franchised Business, without our prior written consent. If you separately register any Social Media Platform account (a "Social Media Account") containing the Marks or related to your Franchised Business, whether with our prior consent or not (i) you must promptly notify us and provide us with all necessary information related to the Social Media Account we require or demand, without compensation to you; and (ii) the Social Media account will become our property, without compensation to you. We will be the sole owner of all related intellectual property rights in all Social Media Accounts and all content posted on Social Media Accounts.

**Training Program**

We will provide, and you must complete, an initial training program designed to train you, your Operating Principal, and/or your Key Manager in the establishment and operation of a Franchised Business according to the System. The initial training program will be held at our headquarters, or another place we designate. Training for up to three people is included in the Initial Franchise Fee. Each of your additional or replacement managers must attend the initial training program at our then-current cost for additional initial training and complete the program to our satisfaction before assuming management responsibility. All required training must be completed at least thirty days before the opening of your Franchised Business. You are responsible for all training-related expenses including transportation to and from the training site as well as room and board. The initial training must be completed no later than ninety (90) days prior to opening.

Initial training is overseen by Andrew Pinon and Jonathan Gutwein, or designated representatives of the Hydrogen Fitness corporate team, utilizing the Operations Manual, slide shows and presentations, and other materials. All training instructors will have a minimum of one year of experience in the health and fitness industry The topics covered in our initial training program are set forth in the table below.

**TRAINING PROGRAM**

| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| **Establishing the Business**<br>Legal Compliance<br>Basics of the Model<br>Our Relationship<br>Goals and Targets | 4 | 0 | Our headquarters, online, or another location we designate |
| **The Business and Background**<br>History of Industry<br>Company Culture<br>Business Model<br>Financial Model | 4 | 0 | Our headquarters, online, or another location we designate |
| **Equipment and Systems**<br>Equipment<br>Vendors<br>Technology<br>Maintenance | 16 | 0 | Our headquarters, online, or another location we designate |
| **Marketing and Sales**<br>Promoting the Franchise<br>Grassroots<br>Managing Relationships<br>Franchised Unit Marketing and Sales – Coaching and Mentoring | 8 | 0 | Our headquarters, online, or another location we designate |
| **Operations and Management**<br>Overseeing Franchise Operations<br>Supporting new Franchisees<br>Training<br>Systems | 24 | 32 | Our headquarters, online, or another location we designate |
| **TOTALS:** | **56 hours** | **32 hours** | |

There currently are no fixed (such as monthly or bi-monthly) training schedules. We will hold our training program on an "as needed" basis, depending on the number of franchisees and their managers needing training.

We reserve the right to hold periodic refresher training programs, which we expect to hold at least annually, and we may designate attendance at refresher training is mandatory for you and any of your personnel. We reserve the right to require you to pay our then-current cost for the training in addition to all expenses your trainees incur while attending refresher training, including travel, lodging, meals, and wages.

We reserve the right to hold a meeting or convention of our franchisees, which will not be held more frequently than annually. We may make attendance at a franchisee meeting by you and/or certain of your personnel is mandatory. We do not expect that a franchisee meeting will last longer than four days in any calendar year. We may conduct franchisee meetings to discuss new procedures or protocols, marketing strategies, new products or services, and/or to provide training. We may designate the location of the meeting (including a block of hotel rooms set aside for our franchisees). We reserve the right to charge a fee for the franchisee meeting, and you must pay all expenses incurred by you, your manager, and any of your other attendees at the franchisee meeting, including travel, lodging, meals, applicable wages, and meeting materials.

## ITEM 12
## TERRITORY

The Franchise Agreement grants you the right to operate one Franchised Business at the specific location identified in the Franchise Agreement or subsequently identified and mutually acceptable to both you and us.

If the lease term is shorter than the term of the Franchise Agreement and the lease cannot be renewed or extended, or you cannot continue for any other reason to occupy the premises of the Franchised Business, you must relocate your Franchised Business to a site mutually acceptable to you and us in order to complete the balance of the term of the Franchise Agreement. You must give us notice of your intent to relocate, must pay the relocation fee, must procure a site acceptable to us within 60 days after closing the prior location, and must open the new Franchised Business location for business within 180 days of closing the previous one. We may or may not agree to such relocation based upon various criteria including, but not limited to area demographics, estimated market demand and proximity to other System franchisees. If you fail to comply with the relocation requirements, we may terminate the Franchise Agreement.

We will provide you with a Designated Territory subject to the following terms, conditions and limitations set forth in this Item: if you are in compliance with the Franchise Agreement, we will not own, operate, franchise or license any other Franchised Business within the Designated Territory during the Term of the Franchise Agreement. Although no other Franchised Business will be physically located within your Designated Territory, your Designated Territory may overlap with those of other franchisees or affiliates-owned locations.

The continuation of your right to operate in the Designated Territory is not dependent upon achieving a certain sales volume, market penetration or other contingency. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You have no right to distribute any services or products offered in the Franchised Business through any alternate channels of distribution, including but not limited to, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery System (collectively, the "Electronic Media"); or through telemarketing, catalogs or other mail order devices.

We and/or our affiliates and predecessor reserve all other rights with respect to your Designated Territory, which include but are not limited to: (i) in connection with a merger or acquisition, the right to own, operate, franchise or license businesses operating under names other than those identified by the Proprietary Marks, regardless of whether or not these other concepts offer products and services similar to or competitive with those offered by your Franchised Business and regardless of location, and the right to convert those locations to Hydrogen Fitness businesses; (ii) the right to be acquired by (or merge or become affiliates with) any other business operating under names other than the Proprietary Marks, including a

competing business, with locations anywhere, which may result in the required conversion of franchised businesses; (iii) the right to distribute products and services in alternative channels of distribution whether now existing or developed in the future, identified by the Proprietary Marks or other marks we and/or our affiliates or predecessor own or license, through any distribution method we or our affiliates may establish, and may franchise or license others to do so, both within and outside the Designated Territory, regardless of whether the offering of products or services in the other channels of distribution compete with your Franchised Business (which alternative channels of distribution include but are not limited to: sales of services and products at or through mail order, catalog, tele-marketing, direct mail marketing, or via the internet, and any similar outlets or distribution methods) and (iv) the right to establish and operate, and allow others to establish and operate, businesses operating under different trade names, trademarks or service marks that may offer products and services which are identical or similar to products and services offered by your Franchised Business, inside or outside the Designated Territory.

We and our affiliates, parent and predecessor are under no obligation to pay you any compensation for selling similar products or services through other channels of distribution under the same and/or different proprietary marks within the Designated Territory.

We and/or our affiliates, parent and predecessor retain the right to use and to license others to use the System for the operation and licensing of other System franchisees at any locations outside of the Designated Territory.

You will select a location for the Franchised Business, which we accept, from within your designated "Site Selection Area," identified in Schedule 1 of Attachment A of the Franchise Agreement. When the Approved Location is identified, we finalize your Designated Territory, which will be described by zip codes or geographical boundaries (such as streets, towns or counties) identified on Attachment A of the Franchise Agreement. A Designated Territory will generally be approximately a two-mile radius around your Franchised Business. Typically, your Designated Territory is described in terms of a specific geographic radius surrounding your approved location. Designated Territories vary in size depending on population density and other demographic factors, including: the population base; growth trends of population; apparent degree of affluence of population; the density of residential and business entities; location of competing businesses and major and restricting topographical features which clearly define contiguous areas, such as rivers, mountains, major freeways and underdeveloped land areas. Such factors may necessitate the Designated Territory being greater than or less than the radii mentioned above.

You are unrestricted as to the geographic area from which you may obtain business as a System franchisee. However, except as we otherwise approve, you may not take part in any sales from a location other than the premises of your Franchised Business. You are strictly prohibited from selling any product at wholesale.

We do not offer franchisees any option, right of first refusal or any similar right to acquire additional franchises within the Designated Territory or contiguous territories.

**Development Program**

Development Area. If you enter into a Development Agreement, you will have the right to develop a mutually agreed upon number of Franchised Businesses in the Development Area in accordance with the Development Schedule. The total number of Franchised Businesses to be opened in your Development Area, as well as the size of the Development Area, will be dependent upon a number of factors such as (i) the number of Franchised Businesses we grant you the right to open and operate; and (ii) the location and demographics of the general area where we mutually agree you will be opening these locations. The boundaries of your Development Area may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map attached to the Development Agreement.

You must execute our then-current Franchise Agreement for each Franchised Business that you develop under a Development Agreement. You must select a site, and obtain our acceptance of such site, as described above in this Item, at which point we will designate a Designated Territory for the Franchised Business. We will use our then-current standards for accepting sites and assigning Designated Territories.

The Development Area is an exclusive territory. This means that while the Development Agreement is in effect, provided that you open and operate the Franchised Businesses in accordance with the Development Schedule and the minimum number of Franchised Businesses that you have open and operating in the Development Area at any given time is not less than the minimum required under the Development Schedule, we will not operate, or license any person other than you to operate, a Franchised Business under the Marks and the System within the Development Area.

You must comply with your development obligations under the Development Agreement, including your Development Schedule, in order to maintain your exclusive right to develop Franchised Businesses within the Development Area. If you do not comply with your Development Schedule, we may terminate your Development Agreement and any further development rights you have under that agreement. Otherwise, we will not modify the size of your Development Area except by mutual written agreement signed by both parties.

If a Franchised Business is destroyed or damaged by any cause beyond your control such that it may no longer continue to be open for the operation of business (**"Destruction Event"**), you must diligently work to repair and restore the Franchised Business to our approved plans and specifications as soon as possible at the same location or at a substitute site accepted by us within the Development Area. Under such circumstances, the Franchised Business will continue to be deemed a "Franchised Business in operation" for the purpose of this Agreement for up to 180 days after the occurrence. If a Franchised Business (i) is closed in a manner other than those described in the Development Agreement or as otherwise agreed by us in writing or (ii) fails to reopen within 180 days after a Destruction Event, then we may terminate the Development Agreement and all of your exclusive territorial rights, if any, will be eliminated.

The Development Agreement and your exclusive right to develop Franchised Businesses in the Development Area will expire on the last development deadline in the Development Schedule, unless the Development Agreement is terminated sooner. Upon the expiration or termination of the Development Agreement, your right to develop Franchised Businesses within the Development Area will be terminated. However, Franchised Businesses that you have opened will continue to operate under the terms of the applicable Franchise Agreements.

**Reserved Rights**

Among other things, we reserve the right to: (a) establish or license franchises and/or company-owned fitness Franchised Businesses or other businesses offering similar or identical products, services, classes, and programs and using the System or elements of the System (i) under the Marks anywhere outside of the Development Area or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Development Area; (b) sell or offer, or license others to sell or offer, any products, services, or classes using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail stores, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Development Area; (c) advertise, or authorize others to advertise anywhere, using the Marks; (d) acquire, be acquired by, or merge with other companies with existing fitness facilities or businesses anywhere (including inside or outside of the Development Area) and, even if such businesses are located in the Development Area, (i) convert the other businesses to the "Hydrogen Fitness" name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Franchised Businesses to such other name; and (e) engage in any other activity, action or undertaking that we are not expressly prohibited from taking under the Development Agreement. We will not compensate you for any actions we take in your Development Area.

## ITEM 13
## TRADEMARKS

Pursuant to the Franchise Agreement, you are granted a license to operate a Franchised Business using the mark, Hydrogen Fitness Marks. The Marks listed below are the subjects of valid and subsisting U.S. Patent and Trademark Office registrations shown below.

In addition to the Marks in the chart below, franchisees may also use other marks, registered or unregistered, that we own or have the right to use through a license agreement between DJ Gym Westchester, LLC, and Hydrogen Franchising, LLC (the "License Agreement") and that we designate as part of the Marks. The License Agreement does not contain any significant limitations on our right to use or license the Marks to you and is perpetual in duration and may be terminated unilaterally by either party only upon a material breach of the License Agreement.

The following is a description of trademarks that we license to Franchised Businesses, and for which we have registration on the Principal Register of the United States Patent and Trademark Office ("USPTO"), and we have filed all required affidavits respect to these trademarks:

| Mark | Registration Number | Registration Date |
|---|---|---|
| HYDROGEN FITNESS | 6,247,114 | January 12, 2021 |
| Hydrogen Fitness | 7,608,861 | December 17, 2024 |

At this time, we have a registration for this trademark. We intend to file all necessary paperwork to renew and maintain this trademark. If your right to use this trademark is challenged, you may have to change to an alternative trademark which will increase your expenses. We are not aware of any superior prior rights or infringing uses of this trademark that could materially affect a franchisee's use of the principal trademark.

There are currently no effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court; no pending interference, opposition or cancellation proceedings; nor any pending material litigation involving the Proprietary Marks. We have filed all required affidavits with respect to each of these trademarks

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including the right to settle the proceedings or litigation. We have the exclusive right, but not the obligation, to affirmatively prosecute actions against third parties for infringement or threatened infringement of the Proprietary Marks.

We have the right, though not the obligation, to defend you against any third-party claim, suit, or demand arising solely out of your use of the Proprietary Marks in a manner expressly authorized by us. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement and the Operating Manual, we will pay the cost of defending the action, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement and the Operating Manual, you will be required to pay for the defense or to reimburse us for costs we incurred in providing the defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Proprietary Marks, you are required to sign all documents and assist us, as we deem necessary, to carry out the defense or prosecution

including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner not in accordance with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in performing such acts.

Hydrogen Franchising, LLC is the lawful and sole owner of the domain name(s) www.HydrogenFranchising.com. You cannot register any of the Proprietary Marks owned by us or any abbreviation, acronym or variation of the Proprietary Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue using of a website using the Proprietary Marks. You may access our website. Except as we may authorize in writing in advance, however, you cannot: (i) link or frame our website; (ii) conduct any business or offer to sell or advertise any products or services on the worldwide web; or (iii) create or register any Internet domain name in connection with your franchise.

You may use only the Proprietary Marks which we designate and may use them only in the manner we authorize and permit. Any goodwill associated with Proprietary Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit. You may use the Proprietary Marks only for the operation of the Franchised Business and only at the Approved Location or in advertising for the Franchised Business. You will use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "SM," "TM," "S" or "R," as applicable. You may not use the Proprietary Marks in connection with the offer or sale of any services or products which we have not authorized for use in connection with the System. You may not use the Proprietary Marks as part of your corporate or other legal name. We must approve your corporate name and all fictitious names under which you propose to do business in writing before use. You must use your corporate or limited liability company name either alone or followed by the initials "D/B/A" and the business name "Hydrogen Fitness." You must promptly register at the office of the county in which your Franchised Business is located, or such other public office as provided for by the laws of the state in which your Franchised Business is located, as doing business under such assumed business name.

All of your advertising must prominently display the Proprietary Marks and must comply with our standards for using the Proprietary Marks. All such advertising is subject to our prior written approval, which we will not unreasonably withhold. We reserve the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Proprietary Marks. You may use the Proprietary Marks including, without limitation, trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by the Franchise Agreement or by our prior written consent. You must submit to us and we must approve all advertising, publicity, signs, decorations, furnishings, equipment or other materials employing the Proprietary Marks, or related marks, before first publication or use. You must identify yourself as the owner of the Franchised Business (in the manner we prescribe) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations as we may designate in writing at the Approved Location.

We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. You must discontinue using all Proprietary Marks which we have notified you, in writing, have been modified or discontinued within 10 days of receiving written notice and must promptly begin using such additional, modified or substituted Proprietary Marks at your expense.

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

We do not own any registered patents which are material to the franchise. We do claim copyright protection for many aspects of the System, including, without limitation, the Operations Manual and other manuals, advertising and promotional materials, training materials and programs, videos, proprietary computer software and applications, architectural plans and designs, websites and web pages, and all other written material we develop to assist you in development and operation, although these materials have not been registered with the United States Registrar of Copyrights.

There are no currently effective determinations of the United States Copyright Office, the USPTO or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of our copyrighted materials. We are not required by any agreement to protect or defend copyrights or to defend you against claims arising from your use of patented or copyrighted items or to participate in your defense or indemnify you.

The Operations Manual is our sole, exclusive and confidential property which we reveal to you in confidence and may only be used by you as provided in the Franchise Agreement. We may revise the contents of the Operations Manual and you must comply with each new or changed standard, at your own expense. You must make sure that the Operations Manual is kept current at all times. If there is any dispute as to the contents of the Operations Manual, the terms of the master copy maintained by us at our corporate office will be controlling. The Operations Manual will remain our sole property and must be kept in a secure place at the Franchised Business.

Any and all information, knowledge, know-how, techniques and data which we designate as confidential will be deemed confidential for purposes of your Franchise Agreement. Examples of confidential information include, without limitation: (1) site selection, construction plans, and design specifications; (2) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques; (3) knowledge of specifications for and suppliers of, and methods of ordering, certain products, materials, equipment and supplies; (4) knowledge of the operating results and financial performance of other franchises; (5) the Operations Manual; (6) training materials and programs; (7) fee information and customer data; (8) specifics regarding any computer software, applications and similar technology that is proprietary to us or the System; and (9) all password-protected portions of our website, intranets and extranets and the information they contain (including the email addresses of our franchisees).

All data that you collect from clients of the Franchised Business or through marketing is deemed to be owned exclusively by us and/or our affiliates. You must install and maintain security measures and devices necessary to protect client data from unauthorized access or disclosure, and you may not sell or disclose to anyone else any personal or aggregated information concerning any clients. You have the right to use the client data only in connection with the Franchised Business, while the Franchise Agreement is in effect. If you transfer the Franchised Business to a new owner, who will continue to operate Franchised Business under an agreement with us, you may transfer the client data to the new owner as part of the going concern value of the business.

The Franchise Agreement provides that you acknowledge that your entire knowledge of the operation of the System, including the specifications, standards and operating procedures of the System, is derived from information we disclose to you and that all this information is confidential and our trade secrets. You and, if you are a corporation, partnership or limited liability company, your officers, directors, shareholders, partners, members, managers, employees and members of those persons' immediate families and their heirs, successors and assigns are prohibited from using and/or disclosing any confidential information in any manner other than as we permit in writing. You must inform your employees and others having access to confidential information of the obligation to maintain the information in confidence and subject to applicable law. All employees must sign a Confidentiality Agreement in a form satisfactory to us, giving us the right to enforce the agreement as a third-party beneficiary. All executed agreements must be forwarded to us to ensure compliance. You are responsible for assuring, before any person leaves your employment, that such person returns to you all documents and materials containing our trade secrets and confidential information.

All new products, items, services, and other developments, whether they be of our original design or variations of existing services or techniques, or your original design or variations of existing services or techniques, and whether created by or for you or an employee that relate to Franchised Business or the System, will be deemed a work made for hire and we will own all rights in them. If they do not qualify as works made for hire, you will assign ownership to us under the Franchise Agreement. You will not receive any payment, adjustment or other compensation in connection with any new products, items, services or developments.

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

We strongly recommend that you (or, if you are an entity, your Operating Principal) personally participate in the operation of the Franchised Business. We will have the right to rely on any statement, agreement or representation made by the Operating Principal. You may not change the Operating Principal without our prior written approval. If you are an entity, you must be a single-purpose entity and you cannot operate any other business using your entity name.

If you or your Operating Principal do not participate in the day-to-day operation of the Franchised Business, you will need a Key Manager to be responsible for the direct on-premises supervision of Franchised Business at all times during the hours of operation. Your Key Manager must be approved by us. However, you are still responsible for the operations of the Franchised Business.

You or your Operating Principal (if you are an entity), and your Key Manager must satisfactorily attend and complete our initial training program and any other mandatory training programs we require.

At all times, you will keep us advised of the identity of your Key Manager. We must be advised of any change of your Key Manager within seventy-two hours. Your Key Manager need not have any equity interest in the franchise. You will disclose to your Key Manager only the information needed to operate the Franchised Business, and the Key Manager will be advised that any confidential information is our trade secret.

In addition, your employees are required to execute our form of Confidentiality Agreement in the form attached as Exhibit H of this Disclosure Document. Your spouse (or if you are an entity, the spouses of your owners) will also be required to execute our Confidentiality, Non-Disclosure, and Non-Compete Agreement the form of which is also attached as Exhibit H of this Disclosure Document.

You must hire all employees of the Franchised Business and are solely responsible for the terms of their work, training, compensation, management, promotions, terminations, and oversight. Your employees are under your day-to-day control at the Franchised Business. You must communicate clearly with your employees in your employment agreements, employee manuals, human resources materials, written and electronic correspondence, paychecks, and other materials that you (and only you) are their employer, and we, as the Franchisor, are not their employer and do not engage in any employer-type activities (including those described above) for which only you are responsible.

Each owner, including the Operating Principal, must sign the Payment and Performance Guarantee (the **"**Guarantee**"**) attached to the Franchise Agreement, assuming and agreeing to discharge all obligations of the franchisee under the Franchise Agreement and agreeing to comply with the confidentiality, indemnification, covenant not to compete, and assignment provisions of the Franchise Agreement.

In our sole judgment, we may deem you incapable of operating the Franchised Business if you are incapacitated by reason of illness or death. In such event, we may, at our sole discretion, elect to operate your Franchised Business for a period of time that we determine to be necessary to maintain the operation of the Franchised Business as a going concern. We shall keep in a separate account all monies generated by the operation of your Franchised Business, less our management fee, and our operating expenses, including reasonable compensation and expenses for our representatives. Your Franchised Business will still have to pay all costs under the Franchise Agreement, including royalties and Brand Fund payments. You must hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You must pay all of our reasonable attorneys' fees and costs incurred.

## ITEM 16
## RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to limit your business to the operation of the Franchised Business. You may not conduct any other business or activity at the Franchised Business without our written permission. You may only sell products at retail and may not engage in the wholesale or distribution of any product. Your franchise is limited to one location and all sales must be from that one location. We do not generally limit the persons to whom you may sell memberships. However, we do have the right to impose minimum age restrictions and other requirements we deem appropriate, either for safety reasons, or to preserve the goodwill of our Proprietary Marks for the benefit of all franchisees.

You may only offer or sell products and services that are approved by us and must offer for sale certain products and services as designated by us. We may add, delete or alter approved products or services that you are required or allowed to offer in our sole discretion. There are no limits on our right to do so. You must discontinue selling and offering any products, services, or items that we, in our sole discretion, disapprove in writing at any time. You may not conduct any other business or activity at the Franchised Business without our written permission. You are not permitted to rent out your location or host any events at your location which are not affiliated with the System and not approved by us. If we determine, in our sole discretion, that you are not in compliance with our System standards for any reason, we may require you to attend an in-person meeting with us, at your cost.

It is your responsibility to determine that you are complying with all laws and regulations applicable to the Franchised Business.

On a case-by-case basis, we may allow you or other franchisees to offer additional services, products or programs that are not otherwise part of the System. We will decide which franchisees can offer additional services and products based on test marketing, the franchisees' qualifications and operational history, differences in regional or local markets and other factors.

You may not create unapproved rewards or loyalty programs.

## ITEM 17
## RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

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

### A. FRANCHISE AGREEMENT

| | Provision | Section in Franchise Agreement (FA) | Summary |
|---|---|---|---|
| a. | Length of the franchise term | 3.1 | 10 years |
| b. | Renewal or extension | 3.2 | You have the right to renew the franchise for 2 additional 5-year terms, if you meet certain requirements. |
| c. | Requirements for you to renew or extend | 3.2, 3.3, and 3.4 | You have complied with all of the FA provisions; you are not in default of the FA; you have brought the Franchised Business into compliance with our current standards; you have given us notice of renewal no less than 90 days nor more than 180 days prior to the end of the initial term; you have signed a then-current form of FA, which may contain materially different terms and conditions than the ones contained in your FA; you have signed a general release in substantially the form of Exhibit G to this Disclosure Document; and you pay us a renewal fee equal to the greater of (i) $10,000, or (ii) 25% of the then current franchise fee |
| d. | Termination by Franchisee | No Provision | Not applicable |
| e. | Termination by Franchisor without cause | No Provision | Not applicable |
| f. | Termination by Franchisor with cause | 15.1 | We may terminate the FA upon delivery of notice to you if you default under the terms of the FA, as further outlined below. |
| g. | "Cause" defined – curable defaults | 15.1(B) | The following constitute curable defaults: You fail to comply with the Performance Standards; or refuse to make payments due and do not cure within 10 business days; or fail to comply with any provision of the FA not otherwise mentioned in (h.) below or any mandatory specification and do not cure within the applicable cure period. Some defaults have 10 calendar day cure periods and some have 30 calendar day cure periods. |
| h. | "Cause" defined - non curable defaults | 15.1(A) | The following events constitute non-curable defaults: failure to properly establish and equip the premises; failure to complete training; make a material misrepresentation or omission in the application for the franchise; conviction or plea of no contest to a felony, or other crime or offense that can adversely affect the reputation of you, us or the Franchised Business; make unauthorized disclosure of confidential information; abandonment of the business for 5 consecutive days unless otherwise approved; surrender of control of the business; unauthorized transfer; you are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; your misuse of the Marks; failure on 3 occasions within any 12 consecutive month period, or 4 occasions in any 24 consecutive month period to pay amounts due, or otherwise to comply with the FA; violate any health, safety or sanitation law or conduct your operation in a manner creating a safety hazard; or violating the rights and restrictions of your Designated Territory; operating a Competing Business. |

| | Provision | Section in Franchise Agreement (FA) | Summary |
|---|---|---|---|
| i. | Your obligations on termination/non-renewal | 12,13, and 15.3 | Your obligations include: ceasing operations of the Franchised Business; cease using the Marks and items bearing the Marks; cease using the Marks in any form as part of your corporate name; assign any assumed names to us; de-identify the premises from any confusingly similar decoration, design or other imitation of a Franchised Business; cease advertising as a Hydrogen Fitness franchise; pay all sums owed; pay all damages and costs we incur in enforcing the termination provisions of the FA; return the Manual and other confidential information to us; return all signs to us; assign your telephone and facsimile numbers, electronic mail and internet addresses to us; sell to us, at our option, all assets of the Franchised Business, including inventory, equipment, supplies and items bearing the Marks, and comply with the covenants not to compete. |
| j. | Assignment of contract by Franchisor | 14.6 | We may sell or assign some or all of our business to any subsidiary or affiliate of Hydrogen Fitness, any purchaser of Hydrogen Fitness, or any purchaser of the Marks and related business. |
| k. | "Transfer" by Franchisee – defined | 14.1 | You may sell or assign your Franchised Business, but only with our approval. We have sole discretion over whether to approve or disapprove an assignment. |
| l. | Franchisor's approval of transfer by franchisee | 14.2 & 14.2 | We have the right to approve all your transfers. We may place reasonable condition on our approval of any transfer. |
| m. | Condition for Franchisor's approval of transfer | 14.2 | You must be in compliance with all agreements, the Manual, all contracts with any party, and transferee must assume all obligations under these agreements; transferee meet our then- current requirements and complete or agree to complete our training program for new franchisees; all sums due must be paid; all obligations to third parties must be satisfied; the Franchised Business must be in full compliance with the Manual and standards and specifications for new Franchised Businesses; the transferee must satisfactorily complete training; and the transferor must pay a $10,000 transfer fee which includes a $2,500 non-refundable deposit. |
| n. | Franchisor's right of first refusal to acquire Franchisee's business | None | There is not right for us to acquire your Franchised Business except as outline below. |
| o. | Franchisor's option to purchase Franchisee's business | 15.3 | If the Franchise Agreement is terminated, we have the option**,** exercisable by giving 30 days' written notice to purchase any and all inventory, equipment, furniture, fixtures, signs, sundries and supplies owned by you and used in the Franchised Business, at the lesser of (i) your cost less depreciation computed on a reasonable straight line basis (as determined in accordance with generally accepted accounting principles and consistent with industry standards and customs), or (ii) fair market value of such assets, less (in either case) any outstanding liabilities of the Franchised Business. In addition, we have the option to assume your lease for the lease location of the Franchised Business, or if an assignment is prohibited, a sublease for the full remaining term on the same terms and conditions as your lease. |
| p. | Franchisee's death or disability | 14.4 | Must be transferred within six (6) months. |

| | Provision | Section in Franchise Agreement (FA) | Summary |
|---|---|---|---|
| q. | Noncompetition covenants during the term of the franchise | 13 | You must not be involved in: (i) any Competing Business (as defined in the FA); or (ii) any business that offers or grants franchises/licenses, or establishes joint ventures, for the operation of a Competing Business.<br><br>Additionally, you must not (a) employ or seek to employ any person employed by us or by any of our other franchisees, or (b) otherwise directly or indirectly induce or seek to induce such person to leave his or her employment during the term of the FA, without first obtaining our consent and, if applicable, the consent of the other System franchisee, or (c) otherwise take action to divert business or clientele to any other Competing Business. |
| r. | Noncompetition covenants after the franchise is terminated or expires | 13 | For a period of 2 years following the expiration/termination of your FA, you must not operate a Competing Business: (i) at the Approved Location; (ii) within a 25-mile radius of (a) the Approved Location, or (b) any other Franchised Business that is open, under lease or otherwise under development as of the date of termination/expiration.<br><br>Additionally, for a period of 2 years after termination of the FA, you must not (i) solicit business from customers of your former Franchised Business, (ii) contact any of our suppliers or vendors for any competitive business purpose, or (iii) solicit any of our other employees, or the employees of Franchisor's affiliates or any other System franchisee, to discontinue employment. |
| s. | Modification of the agreement | 19 | The FA may only be modified by written amendment signed by both parties. The Operations Manual is subject to change. |
| t. | Integration/ merger clauses | 19 | The FA is the entire agreement between the parties. Only the terms of the FA are binding (subject to state law). Any representations or promises outside of the Disclosure Document and FA may not be enforceable. However, nothing in the FA is intended to disclaim the express representations made in the Disclosure Document. |
| u. | Dispute resolution by arbitration or mediation | 16 | You must first submit all disputes and controversies arising under the FA to our management and make every effort to resolve the dispute internally.<br><br>At our option, all claims or disputes arising out of the FA must be submitted to non-binding mediation, which will take place at our then-current headquarters (subject to applicable state law). If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation.<br><br>Except for our right to seek injunctive relief in any court of competent jurisdiction and as otherwise described above, any claim arising out of or relating to the FA or the relationship of the parties, and any controversy regarding the establishment of the fair market value of assets of the Franchised Business will be resolved in binding arbitration before a single arbitrator in Fairfield County, Connecticut(subject to applicable state law). |
| v. | Choice of forum | 16.6 | Subject to the arbitration requirement and applicable state law, dispute resolution must be in state or federal court that has general jurisdiction in the then-current County and State where our corporate headquarters is located. (subject to applicable state law) |

| | Provision | Section in Franchise Agreement (FA) | Summary |
|---|---|---|---|
| w. | Choice of law | 16.1 | The FA is governed by the laws of the state of Connecticut without reference to this state's conflict of laws principles, except that any disputes or actions involving any non-competition covenants, including the interpretation and enforcement thereof, must be governed by the law of the state where the Franchised Business is located. (subject to applicable state law) |

## B. DEVELOPMENT AGREEMENT

| Provision | | Section in Development Agreement (DA) | Summary |
|---|---|---|---|
| a. | Length of the franchise term | Section 5 | The term expires on the deadline to open the last Franchised Business to be opened under the Development Schedule. |
| b. | Renewal or extension of the term | Not applicable | Not applicable. |
| c. | Requirements for franchisee to renew or extend | Not applicable | Not applicable. |
| d. | Termination by franchisee | Not applicable | Not applicable. |
| e. | Termination by us without cause | Not applicable | Not applicable. |
| f. | Termination by us with cause | Section 6 | We can terminate only if you default (see (g) and (h) below) under the DA or any FA. |
| g. | "Cause" defined – curable defaults | None | Not applicable. |
| h. | "Cause" defined – non-curable defaults | Section 6.1 | You fail to have open and operating the minimum number of Franchised Businesses specified in the Development Schedule at any deadline; you fail to comply with any provision of the DA, any FA is in default; or you breach or otherwise fail to comply fully with any provision of the FA |
| i. | Your obligations on termination/non-renewal | Section 6.2 | You will lose your right to develop additional Franchised Business locations. |
| j. | Assignment of contract by us | Section 7 | No restriction on our right to assign. |
| k. | "Transfer" by you – definition | None | Not applicable |
| l. | Our approval of transfer by franchisee | Section 7.2 | We have the right to approve or not approve all transfers in our sole discretion. |
| m. | Conditions for our approval of transfer | Section 7.2 | We have sole discretion in setting conditions for our approval of a transfer. |
| n. | Our right of first refusal to acquire franchisee's business | Section 7.2 | We have the right and option, exercisable within thirty (30) days of receipt of your notice to exercise our right of first refusal. |
| o. | Our option to purchase your business | Not applicable | Not applicable. |
| p. | Death or disability of franchisee | Not applicable | Not applicable. |
| q. | Non-competition covenants during the term | Section 8.1 | You are not permitted to hold interest in any Competing Business during the Term. |

| Provision | | Section in Development Agreement (DA) | Summary |
|---|---|---|---|
| r. | Non-competition covenants after the Development Agreement is terminated or expires | Section 8.1 | Your non-competition covenant shall survive for 2 years following any termination, expiration, or approved transfer. |
| s. | Modification of the agreement | Section 10 | No modifications unless agreed to in writing by both parties. |
| t. | Integration/merger clause | Section 9 | Section 9, 18, 19, 20, and 22 of the FA are incorporated by reference and will govern all aspects. |
| u. | Dispute resolution by arbitration or mediation | Section 9 | The dispute resolution, choice of law, and choice of forum provisions set forth in the FA shall apply to any disputes arising out of the DA (subject to applicable state law) |
| v. | Choice of forum | Section 9 | Fairfield County, Connecticut or the then-current location of our principal place of business (subject to applicable state law) |
| w. | Choice of law | Section 9 | Connecticut or the then-current location of our principal place of business (subject to applicable state law) |

## ITEM 18
## PUBLIC FIGURES

We do not currently use any public figure to promote our franchise.

## ITEM 19
## FINANCIAL PERFORMANCE REPRESENTATIONS

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

The financial performance representation is historic based upon our existing Company-Owned Outlets, DJ Gym Westchester LLC and DJ Gym Port Chester LLC (the "Disclosed Outlets") which operates in and around Hartsdale and Port Chester NY. It includes historical financial results from the Disclosed Outlets from January through December 2025 (the "Measurement Period.)" As of December 31, 2025, we have two Company-Owned Outlets, and one Franchised Outlet which is not yet operational and as such, they are not included in this Item 19. The Disclosed Outlet's full operation throughout the Measurement Period is the only criteria that were used to select the financial performance information that is included in Item 19. We have a reasonable basis and written substantiation for the financial performance information disclosed in Item 19.

The explanatory notes included with the following charts are an integral part of this financial performance representation and should be read in their entirety for a full understanding of the information contained in the following charts.

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

**Table 1 Statement of Income and Certain Expenses for the Disclosed Outlet's During the Measurement Period**

| | Outlet 1 | Outlet 2 |
|---|---|---|
| Gross Revenue | $2,202,594 | $1,774,451 |
| **Operating Expenses** | | |
| Utilities | $115,025 | $60,177 |
| Rent | $403,353 | $280,456 |
| Marketing | $30,573 | $36,990 |
| Wages | $681,002 | $435,204 |
| Insurance | $47,599 | $26,305 |
| Other Expenses | $441,680 | $249,525 |
| **Franchisee Expenses** | | |
| Royalty Fee (4%) | $88,104 | $70,978 |
| Brand Fund (2%) | $44,052 | $35,489 |
| **Total Operating Expenses** | $1,851,388 | $1,195,124 |
| **EBIDTA (If Franchised)** | **$351,206** | **$579,327** |

**Notes to Item 19 Tables:**

1. The figures in the tables above use the historical information the Disclosed Outlets have provided. The financial information provided represents the profit and loss figures of the Disclosed Outlets. Outlet 1 has been in operation since 2019. Outlet 2 has been in operation since 2024. You should be advised that no certified public accountant has audited these figures or expressed his or her opinion concerning their contents or form, nor have we sought to independently verify their accuracy. Upon your reasonable request, we will provide written substantiation for this financial performance representation.

2. Gross Revenue" means all revenue from the sale of products and services and all other income of every kind related to the Franchised Business, whether for cash, credit, trade, barter, or other value and regardless of collection in the case of credit and even if you have contracted with third parties to provide certain of the services, less any bona fide refunds given to customers in the ordinary course of business. This figure represents the gross revenue earned by the Disclosed Outlet's during the Measurement period.

3. Other Operating Expenses" includes expenses attributable to the operation of a Franchised Business, including supplies, office supplies, merchant fees and banking charges, business licenses & permits, local/co-op marketing expenses, charitable contributions, and other miscellaneous expenses

4. "Franchisee Expenses" includes fees that are attributable to a franchisee running a Franchised Business under our current Franchise Agreement. These Fees are listed in Item 6 of this document and include (i) Royalty Fees which are 4% of Gross Revenue, and (ii) Brand Fund Contributions of 2% of Gross Revenue; To calculate the estimated fees under (i) and (ii), the total Gross Revenue was multiplied by the applicable percentage.

5. "Total Operating Expenses" means the total of Operating Expenses and Franchisee Expenses.

6. EBITDA (if franchised)" means Gross Revenue minus Total Operating Expenses. EBITDA does not include interest paid on debt, taxes, depreciation, or amortization expenses.

**Notes Regarding the Tables in Item 19 Generally:**

1. This information may not reflect all operating expenses, or other costs or expenses that you may elect to incur, which must be deducted from the gross revenues figure in order to obtain your net income or profit. This will affect the net income and/or cash flow of any outlet and must be carefully considered and evaluated. You should conduct an independent investigation of the costs and expenses that you will incur in operating your Franchised Business.

2. This Item 19 does not reflect certain pre-opening costs and expenses over the Measuring Period that you are likely to incur in connection with development of a new Franchised Business. See Item 7 for details about pre-opening costs for your Franchised Business.

3. The fitness industry is highly competitive and affected by, among other things, changes in geographic area, changes in preferences, local, regional, and national economic conditions, population trends, and traffic patterns. Additionally, acquiring a site is highly competitive with other businesses for suitable sites. The performance of your Franchised Business will be affected by the region in which you operate, your competitors, and the success you have in marketing and managing your operations.

4. You should consult other sources for financial information including your financial, business, and legal advisors in connection with the information provided and our franchisees listed in Exhibit C to this Franchise Disclosure Document to obtain additional information necessary for you to develop estimates of the sales, costs, expenses, earnings, and profits.

5. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jonathan Gutwein 67 Burnside Ave East Hartford, CT, 06108, Franchise@hydrogenfranchising.com., or (914) 875-3138, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20
## OUTLETS AND FRANCHISEE INFORMATION

### TABLE NO. 1
### SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2023 to 2025

| OUTLET TYPE | YEAR | OUTLETS AT THE START OF THE YEAR | OUTLETS AT THE END OF THE YEAR | NET CHANGE |
|---|---|---|---|---|
| Franchised Outlets | 2023 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 |
| | 2025 | 0 | 0 | 0 |
| Company Owned* | 2023 | 1 | 1 | 0 |
| | 2024 | 1 | 2 | 1 |
| | 2025 | 2 | 2 | 0 |
| **Total Outlets** | **2023** | **1** | **1** | **0** |
| | **2024** | **1** | **2** | **1** |
| | **2025** | **2** | **2** | **0** |

**TABLE NO. 2**
**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS**
**(OTHER THAN FRANCHISOR TO AFFILIATES)**
**FOR YEARS 2023 to 2025**

| STATE | YEAR | NUMBER OF TRANSFERS |
|---|---|---|
| **All States** | 2023 | 0 |
| | 2024 | 0 |
| | 2025 | 0 |
| **TOTAL** | **2023** | **0** |
| | **2024** | **0** |
| | **2025** | **0** |

**TABLE NO. 3**
**STATUS OF FRANCHISED OUTLETS FOR YEARS 2023 to 2025**

| STATE | YEAR | OUTLETS AT START OF YEAR | OUTLETS OPENED | TERMINATIONS | NON-RENEWALS | REACQUIRED BY FRANCHISOR | CEASED OPERATIONS-OTHER REASONS | OUTLETS AT END OF YEAR |
|---|---|---|---|---|---|---|---|---|
| **All States** | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2025 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Outlets** | **2023** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| | **2024** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| | **2025** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

**TABLE NO. 4**
**STATUS OF AFFILIATE-OWNED OUTLETS FOR YEARS 2023 to 2025**

| STATE | YEAR | OUTLETS AT START OF YEAR | OUTLETS OPENED | OUTLETS REACQUIRED FROM FRANCHISEES | OUTLETS CLOSED | OUTLETS SOLD TO FRANCHISEES | OUTLETS AT END OF THE YEAR |
|---|---|---|---|---|---|---|---|
| **NY** | 2023 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 1 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 0 | 2 |
| **Total Outlets** | **2023** | **1** | **0** | **0** | **0** | **0** | **1** |
| | **2024** | **1** | **1** | **0** | **0** | **0** | **2** |
| | **2025** | **2** | **0** | **0** | **0** | **0** | **2** |

**TABLE NO. 5**
**PROJECTED OPENINGS AS OF DECEMBER 31, 2025**

| STATE | FRANCHISE AGREEMENTS SIGNED BUT FACILITIES NOT OPENED | PROJECTED FRANCHISED NEW FACILITIES IN THE NEXT FISCAL YEAR | PROJECTED COMPANY-OWNED FACILITIES OPENINGS IN NEXT FISCAL YEAR |
|---|---|---|---|
| **NY** | 1 | 0 | 0 |
| **TX** | 1 | 0 | 0 |
| **TOTAL** | **2** | **0** | **0** |

Set forth on Exhibit C are the (i) names of all current franchisees and the address and telephone number of each of their Franchised Businesses, and (ii) names, city and state, and the current business telephone number, or, if unknown, the last known home telephone number of every franchisee who had a Franchised Business terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under any Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of this Disclosure Document's issuance date.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

**Confidentiality Agreements**

During the last three (3) fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

## ITEM 21
## FINANCIAL STATEMENTS

Attached as Exhibit A to this Disclosure Document are our 2024 and 2025 audited financial statements. These financial statements have been prepared in accordance with generally accepted United States accounting principles. As we were formed in January 2024, we have not been in business for three (3) years or more and cannot include all financial statements required by the FTC Rule for our last three (3) fiscal years. Our fiscal year ends on December 31.

## ITEM 22
## CONTRACTS

Attached to this Disclosure Document are the following contracts and their attachments.

| Document/Contract | Location in FDD |
|---|---|
| Franchise Agreement (FA) & Exhibits | Exhibit E |
| Area Development Agreement (DA) & Exhibits | Exhibit F |
| Form of General Release | Exhibit G |
| Form of Confidentiality and Noncompetition Agreement | Exhibit H |
| State Required Franchise Agreement Riders | Exhibit I |

## ITEM 23
## RECEIPT

Attached as the last two pages of this disclosure document is a receipt. Please sign the receipt and return it to us. A duplicate of the receipt is also attached for your record.

**EXHIBIT A**

**FINANCIAL STATEMENTS**

# Hydrogen Franchising, LLC

**(A Connecticut Limited Liability Company)**

**Financial Statements with Report of Independent Auditors**
**December 31, 2025, and 2024**

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DA ADVISORY GROUP
CERTIFIED PUBLIC ACCOUNTANTS

# Report of Independent Auditors

To the Members of
Hydrogen Franchising, LLC

*Opinion*
We have audited the accompanying financial statements of Hydrogen Franchising, LLC (The "Company") a Connecticut Limited Company, which comprise the balance sheet as of December 31 2025 and December 31, 2024, and the related statements of operations, changes in members' equity and cash flow for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31 2025 and December 31, 2024, and the results of its operations and its cashflows for the year ended December 31 2025 and December 31, 2024 in accordance with accounting principles generally accepted in the United States of America.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after March 9, 2026.

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

DA Advisory Group PLLC

Troy, MI
March 9, 2026

Hydrogen Franchising, LLC
BALANCE SHEETS
As of December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $ 56,370 | $ 34,754 |
| Total current assets | 56,370 | 34,754 |
| Total assets | $ 56,370 | $ 34,754 |
| LIABILITIES AND MEMBERS' DEFICIT | | |
| Current liabilities: | | |
| Related party payables | $ - | $ 999 |
| Credit cards | 118 | - |
| Deferred revenue - current portion | 39,072 | 14,825 |
| Total current liabilities | 39,190 | 15,824 |
| Noncurrent liabilities: | | |
| Deferred revenue - net of current portion | 102,928 | 77,675 |
| Total noncurrent liabilities | 102,928 | 77,675 |
| Total liabilities | 142,118 | 93,499 |
| Members' deficit: | | |
| Members' deficit | (85,748) | (58,745) |
| Total members' deficit | (85,748) | (58,745) |
| Total liabilities and members' deficit | $ 56,370 | $ 34,754 |

see accompanying notes

Hydrogen Franchising, LLC
STATEMENTS OF OPERATIONS
For the years ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| Operating revenues: | | |
| Franchise fee income | $ - | $ 6,500 |
| Total operating revenues | - | 6,500 |
| Operating expenses: | | |
| Advertising & marketing | 140,758 | 56,919 |
| Legal & professional fees | 23,353 | 37,692 |
| Other expenses | 23,189 | 221 |
| Travel | 4,337 | 9,861 |
| Office expense | 2,884 | 3,715 |
| Consulting wages | 1,650 | 2,850 |
| Insurance | 1,308 | 1,092 |
| Meals & entertainment | 364 | 3,551 |
| Bank charges & fees | 280 | 320 |
| Job supplies | 155 | 2,064 |
| Inventory | - | 742 |
| Equipment | - | 396 |
| Total operating expenses | 198,278 | 119,423 |
| Operating loss | (198,278) | (112,923) |
| Other income: | | |
| Credit card rewards | 1,275 | 1,656 |
| Total other income | 1,275 | 1,656 |
| Net loss | $ (197,003) | $ (111,267) |

see accompanying notes

Hydrogen Franchising, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
For the yearS ended December 31, 2025 and 2024

| | Total Equity |
|---|---|
| BALANCE, DECEMBER 31, 2023 | $ - |
| Member contributions | 52,522 |
| Member distributions | - |
| Net loss | (111,267) |
| BALANCE, DECEMBER 31, 2024 | $ (58,745) |
| Member contributions | 170,000 |
| Member distributions | - |
| Net loss | (197,003) |
| BALANCE, DECEMBER 31, 2025 | $ (85,748) |

see accompanying notes

Hydrogen Franchising, LLC
STATEMENT OF CASH FLOWS
For the year ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | $ (197,003) | $ (111,267) |
| Change in: | | |
| Related party payables | (999) | 999 |
| Credit Card | 118 | - |
| Deferred revenue | 49,500 | 92,500 |
| Net cash used in operating activities | (148,384) | (17,768) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Members' contributions | 170,000 | 52,522 |
| Net cash provided by financing activities | 170,000 | 52,522 |
| Net change in cash and cash equivalents | $ 21,616 | $ 34,754 |
| Cash and cash equivalents at beginning of year | 34,754 | - |
| Cash and cash equivalents at end of year | $ 56,370 | $ 34,754 |
| Total cash and cash equivalents | $ 56,370 | $ 34,754 |

see accompanying notes

1. Organization

Hydrogen Franchising, LLC (the "Company") is a Connecticut Limited Liability Company. The Company was formed on January 3, 2024, for the purpose of offering their fitness service-related franchise across United States.

For the period ended December 31, 2025, and December 31, 2024, total capital contributions were $170,000 and $52,522 respectively and there were no member distributions.

2. Summary of significant accounting policies and nature of operations

Basis of accounting
The Company prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Cash and cash equivalents
Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition. The Company maintains its cash in bank deposit accounts which could exceed federally insured limits. The Company has not experienced an instance where cash held in the account exceeded insured limits since their inception and have not had losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue and expenses
The Company recognizes revenue under the guidance of ASC 606 "Contracts with Customers". The Company's revenue is principally generated through franchise agreements executed with the Company's franchisees. Each franchise agreement is comprised of several performance obligations.

The Company identifies those performance obligations, determines the contract price for each performance obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

When a franchisee enters into agreement, the Company grants the franchisee the rights to operate in a designated area and to use the proprietary methods, techniques, trade dress, trademarks, and logos. The franchise agreement is considered to be symbolic intellectual property. Revenues related to the agreement are continuing royalties based on a fixed percentage of net sales of each location. These revenues will be used to continue the development of the Company's brand, the franchise system and provide ongoing support for the Company's franchisees over the term of the agreement. The royalties are billed monthly and are recognized as revenue when earned.

2. Summary of significant accounting policies and nature of operations (continued)

Revenue from initial fees is allocated to the performance obligations in the franchise agreement that are distinct from the territory and franchise agreement rights. These primarily include training services, opening support services, opening marketing assistance and franchisee acquisition and acceptance. The amount allocated to each identified performance obligation is determined using the expected cost plus a margin approach. Revenue from initial fees is recognized when the performance obligation is satisfied, and control of the goods or service has been transferred to the franchisee. Performance obligations that are normally satisfied by the opening of the franchised business to the public are determined to be earned during the period from the execution of the contract to the opening of the franchised business which is generally less than one year. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred nonrefundable revenue and recognized as revenue over the term of the contract which is currently 10 years from the date the franchisee opens the franchise business to the public. Incremental costs of obtaining a franchise agreement with a franchisee related to unsatisfied performance obligations will be recorded as a franchise acquisition asset and are recognized as cost of sales over the same term as the related performance obligation which is currently 10 years. Revenue from multi-unit development agreements is recognized over the term of the development agreement.

Advertising

The Company expenses are advertising as the costs are incurred. Total advertising expenses for the year ended December 31 2025 and December 31, 2024 were $140,758 and $56,919, respectively.

Fair value of financial instruments

The Fair Value Measurements and Disclosure Topic of the FASB Accounting Codification establishes a framework for measuring fair value that is based on the inputs market participants use to determine fair value of an asset or liability and establishes a fair value hierarchy to prioritize those inputs.

The accounting guidance describes a hierarchy of three levels of input that may be used to measure fair value:

| | |
|---|---|
| Level 1 | Inputs based on quote prices in active markets for identical assets and liabilities. |
| Level 2 | Inputs other than Level 1 quoted prices, such as quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability. |
| Level 3 | Unobservable inputs based on little market or no market activity and which are significant to the fair value of the assets and liabilities. |

The Company's material financial instruments consist of primarily cash and cash equivalents. The fair values of cash is equal to their carrying values based on liquidity. The fair value measurement of these assets is categorized as Level 1.

2. Summary of significant accounting policies and nature of operations (continued)

Income taxes
The Company filed an election with the Internal Revenue Service to be treated as a flow-through entity for all taxable years. Therefore, the Company is not subject to corporate income tax and all taxable income or loss will pass through to the Member of the Company.

3. Disaggregation of revenues

The Company disaggregates revenue from contracts with customers by the timing of revenue recognition by type of revenues, as it believes this best depicts how nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

Revenues by timing of recognition were as follows:

| | 2025 | 2024 |
|---|---|---|
| Franchise fee | | |
| Point in time | $ - | $ 6,500 |
| Over time | - | - |
| | $ - | $ 6,500 |

4. Contract balances

There were no costs incurred in procuring the contracts during the year ended December 31, 2025, and December 31, 2024.

5. Deferred revenue

A summary of deferred franchise revenue as of December 31 2025 and December 31, 2024, is as follows:

| | 2025 | 2024 |
|---|---|---|
| Deferred revenue - beginning | $ 92,500 | $ - |
| Franchise fees | 49,500 | 99,000 |
| Franchise fees recognized | - | (6,500) |
| Deferred revenue - ending | $ 142,000 | $ 92,500 |

Deferred franchise fee revenue is expected to be amortized over the remaining term of the associated franchise agreement as follows:

5. Deferred revenue (continued)

| | | |
|---|---|---|
| Year ending December 31, 2025 | | |
| 2026 | $ | 39,072 |
| 2027 | | 13,143 |
| 2028 | | 13,143 |
| 2029 | | 13,143 |
| 2030 | | 13,143 |
| Thereafter | | 50,356 |
| Total | $ | 142,000 |

| | | |
|---|---|---|
| Year ending December 31, 2024 | | |
| 2025 | $ | 14,825 |
| 2026 | | 11,975 |
| 2027 | | 7,300 |
| 2028 | | 7,300 |
| 2029 | | 7,300 |
| Thereafter | | 43,800 |
| Total | $ | 92,500 |

6. Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

7. Related party transactions

As of December 31, 2025 and December 31, 2024, the amount payable to an affiliate entity is $0 and $999, respectively. The amount payable has no stated interest rate or payback period.

8. Commitments and contingencies

The Company operates as a franchisor with multiple franchising agreements as of December 31, 2025. Under these agreements, the Company is obligated to provide ongoing operational support over the contract term, which is usually 10 years. There are no material pending legal proceedings as of December 31, 2025, and no guarantees or pledged assets have been provided as collateral for franchise obligations.

9. Subsequent events

Subsequent events have been evaluated through March 9, 2026, which is the date the financial statements were available to be issued. No significant events or transactions were identified that would require adjustment to the financial statements or disclosure.

**EXHIBIT B**

**LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

## List of State Regulatory Administrators

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

| LIST OF STATE ADMINISTRATORS | |
|---|---|
| **CALIFORNIA**<br>Department of Financial Protection and Innovation<br>320 West 4th Street, Suite 750<br>Los Angeles, California 90013-2344<br>(213) 576-7500<br>Toll Free (866) 275-2677 | **CONNECTICUT**<br>State of Connecticut<br>Department of Banking<br>Securities & Business Investments Division<br>260 Constitution Plaza<br>Hartford, Connecticut 06103-1800<br>(860) 240-8230 |
| **HAWAII**<br>Commissioner of Securities of the State of Hawaii<br>Department of Commerce and Consumer Affairs<br>Business Registration Division<br>Securities Compliance Branch<br>335 Merchant Street, Room 203<br>Honolulu, Hawaii 96813<br>(808) 586-2722 | **ILLINOIS**<br>Franchise Bureau<br>Office of the Attorney General<br>500 South Second Street<br>Springfield, Illinois 62706<br>(217) 782-4465 |
| **INDIANA**<br>Indiana Secretary of State<br>Franchise Section<br>302 Washington Street, Room E-111<br>Indianapolis, Indiana 46204<br>(317) 232-6681 | **MARYLAND**<br>Office of the Attorney General<br>Securities Division<br>200 St. Paul Place<br>Baltimore, Maryland 21202-2021<br>(410) 576-6360 |
| **MICHIGAN**<br>Michigan Attorney General's Office<br>Corporate Oversight Division, Franchise Section<br>525 W. Ottawa Street<br>G. Mennen Williams Building, 1st Floor<br>Lansing, Michigan 48933<br>(517) 373-7117 | **MINNESOTA**<br>Minnesota Department of Commerce<br>85 7th Place East, Suite 280<br>St. Paul, Minnesota 55101-2198<br>(651) 539-1600 |
| **NEW YORK**<br>New York State Department of Law<br>Investor Protection Bureau<br>28 Liberty Street, 21st Floor<br>New York, NY 10005<br>(212) 416-8222 | **NORTH DAKOTA**<br>North Dakota Securities Department<br>State Capitol<br>Department 414<br>600 East Boulevard Avenue, Fourteenth Floor<br>Bismarck, North Dakota 58505-0510<br>(701) 328-4712 |
| **OREGON**<br>Department of Business Services<br>Division of Finance and Corporate Securities<br>Labor and Industries Building<br>350 Winter Street, NE Room 410<br>Salem, Oregon 97310<br>(503) 378-4387 | **RHODE ISLAND**<br>Department of Business Regulation Securities Division,<br>Building 69, First Floor<br>John O. Pastore Center<br>1511 Pontiac Avenue<br>Cranston, Rhode Island 02920<br>(401) 462-9527 |
| **SOUTH DAKOTA**<br>Division of Insurance<br>Securities Regulation<br>124 S. Euclid, Suite 104<br>Pierre, South Dakota 57501<br>(605) 773-3563 | **VIRGINIA**<br>State Corporation Commission<br>Division of Securities and Retail Franchising<br>1300 East Main Street, 9th Floor<br>Richmond, Virginia 23219<br>(804) 371-9051 |
| **WASHINGTON**<br>Department of Financial Institutions<br>Securities Division,<br>P.O. Box 41200<br>Olympia, WA 98504-1200<br>(360) 902-8760 | **WISCONSIN**<br>Division of Securities<br>4822 Madison Yards Way, North Tower<br>Madison, Wisconsin 53705<br>(608) 266-2139 |

## List of Agents for Service of Process

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

| LIST OF STATE AGENT FOR SERVICE OF PROCESS | |
|---|---|
| **CALIFORNIA**<br>Commissioner<br>Department of Financial Protection and Innovation<br>320 West 4th Street, Suite 750<br>Los Angeles, California 90013-2344<br>(213) 576-7500<br>Toll Free (866) 275-2677 | **CONNECTICUT**<br>Banking Commissioner<br>Department of Banking<br>Securities & Business Investments Division<br>260 Constitution Plaza<br>Hartford, Connecticut 06103-1800<br>(860) 240-8230 |
| **HAWAII**<br>Commissioner of Securities of the State of Hawaii<br>Department of Commerce and Consumer Affairs<br>Business Registration Division<br>Securities Compliance Branch<br>335 Merchant Street, Room 203<br>Honolulu, Hawaii 96813<br>(808) 586-2722 | **ILLINOIS**<br>Illinois Attorney General<br>Office of the Attorney General<br>500 South Second Street<br>Springfield, Illinois 62706<br>(217) 782-4465 |
| **INDIANA**<br>Indiana Secretary of State<br>Franchise Section<br>302 West Washington Street, Room E-111<br>Indianapolis, Indiana 46204<br>(317) 232-6681 | **MARYLAND**<br>Maryland Securities Commissioner<br>200 St. Paul Place<br>Baltimore, Maryland 21202-2021<br>(410) 576-6360 |
| **MICHIGAN**<br>Michigan Attorney General's Office<br>Corporate Oversight Division, Franchise Section<br>525 W. Ottawa Street<br>G. Mennen Williams Building, 1st Floor<br>Lansing, Michigan 48933<br>(517) 373-7117 | **MINNESOTA**<br>Minnesota Commissioner of Commerce<br>Minnesota Department of Commerce<br>85 7th Place East, Suite 280<br>St. Paul, Minnesota 55101-2198<br>(651) 539-1600 |
| **NEW YORK**<br>New York Secretary of State<br>New York Department of State<br>One Commerce Plaza<br>99 Washington Avenue, 6th Floor<br>Albany, NY 12231<br>(518) 472-2492 | **NORTH DAKOTA**<br>North Dakota Securities Commissioner<br>State Capitol<br>600 East Boulevard Avenue, Fifth Floor<br>Bismarck, North Dakota 58505<br>(701) 328-4712 |
| **OREGON**<br>Secretary of State<br>Corporation Division - Process Service<br>255 Capitol Street NE, Suite 151<br>Salem, OR 97310-1327<br>(503) 986-2200 | **RHODE ISLAND**<br>Director of Department of Business Regulation<br>Department of Business Regulation<br>Securities Division, Building 69, First Floor<br>John O. Pastore Center<br>1511 Pontiac Avenue<br>Cranston, Rhode Island 02920<br>(401) 462-9527 |
| **SOUTH DAKOTA**<br>Division of Insurance<br>Securities Regulation<br>124 S. Euclid, Suite 104<br>Pierre, South Dakota 57501<br>(605) 773-3563 | **VIRGINIA**<br>Clerk of the State Corporation Commission<br>1300 East Main Street, 1st Floor<br>Richmond, Virginia 23219<br>(804) 371-9733 |
| **WASHINGTON**<br>Director, Department of Financial Institutions<br>Securities Division, 3rd Floor<br>150 Israel Road, Southwest<br>Tumwater, Washington 98501<br>(360) 902-8760 | **WISCONSIN**<br>Administrator, Division of Securities<br>4822 Madison Yards Way, North Tower<br>Madison, Wisconsin 53705<br>(608) 266-2139 |

**EXHIBIT C**

**LIST OF CURRENT FRANCHISEES**

**CURRENT FRANCHISEES**
**(Signed but not opened)**

| State | City | Address | Contact | Owner Name(s) |
|---|---|---|---|---|
| NY | New York City | 15 E. 31st Street | (732) 801-9919 | Terah Benjamin |
| TX | Justin | 9 Ski Haven Drive | (817) 320-1064 | Laura McCreary |

**FORMER FRANCHISEES**

**NONE**

**EXHIBIT D**

## OPERATIONS MANUAL TABLE OF CONTENTS

The Operations Manual is still under development; therefore, these numbers are estimates based on what has currently been developed and are subject to change.

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| Start-Up | 20 |
| Accounting & Administration | 16 |
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| Daily Business Operations | 10 |
| Safety & Security | 25 |
| **Total** | **133** |

**EXHIBIT E**

**FRANCHISE AGREEMENT**
**WITH ATTACHMENTS**

**Hydrogen Franchising, LLC**

**and**

_____

**FRANCHISEE**

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**ATTACHMENTS**


Attachment A FRANCHISE SPECIFIC TERMS

Attachment B PERSONAL GUARANTY OF OWNER

Attachment C FRANCHISEE COMPLIANCE QUESTIONNAIRE

**HYDROGEN FITNESS**
**FRANCHISE AGREEMENT**

This Franchise Agreement (this "Agreement") is entered into as of _____ between Hydrogen Franchising, LLC, a Connecticut limited liability company doing business as "Hydrogen Fitness" ("Franchisor") and _____, or his/her/their assignee, if a partnership, corporation or limited liability company is later formed ("Franchisee"), upon the following terms, conditions, covenants and agreements:

## RECITALS

A. Hydrogen Franchising, LLC, a Connecticut limited liability company, owns and has developed and administers a system and franchise opportunity, including various techniques and methods, trade secrets, copyrights, confidential and proprietary information and other intellectual property rights (collectively, the "System") for the establishment and operation of a luxury fitness facility with classes, free weights, cardio equipment, hydro bar and other related materials ("Franchised Business") identified by the "Hydrogen Fitness" trade name and other trademarks and service marks licensed hereunder (the "Marks").

B. The System includes the Marks and trade secrets, proprietary methods and information and procedures for the establishment and operation of Franchised Businesses, including, without limitation, confidential manuals (collectively, the "Manual"), training methods, furniture and fixtures, marketing, advertising and sales promotions, cost controls, accounting and reporting procedures, personnel management, distinctive interior design and display procedures, and color scheme and décor (collectively, the "Trade Dress").

C. Franchisor grants to qualified persons who are willing to undertake the required investment and effort, a franchise to own and operate a Franchised Business offering (i) fitness classes and services (collectively, the "Approved Services") and (ii) certain fitness products and other products Franchisor authorizes for sale in conjunction with the Approved Services and Franchised Businesses operations (collectively, the "Approved Products"), all while utilizing the System and Marks.

D. Franchisee desires to obtain a franchise to use the System and Marks in the development and operation of a Franchised Business at the location specified in this Agreement.

E. Franchisee has independently investigated the business contemplated by this Agreement and recognizes that the nature of the business may change over time, that an investment in a Franchised Business involves business risks, and that the venture's success depends primarily upon Franchisee's business abilities and efforts.

NOW, THEREFORE, in consideration of the foregoing, the fees and other sums payable by Franchisee and of the mutual covenants contained in this Agreement, the parties agree as follows:

## 1. GRANT OF FRANCHISE; LOCATION

1.1. **Grant**. Franchisees agree to at all times faithfully, honestly and diligently perform its obligations under this Agreement and to use their best efforts to promote the Franchised Business and its location. Accordingly, Franchisor grants to Franchisee the non-exclusive right and license to:

A. Establish and operate a single Franchised Business utilizing only the System and the Hydrogen Fitness Marks, at a location that has been authorized by Franchisor (the "Approved Location"), in accordance with the provisions and for the term specified in this Agreement; and

B. Use only the Marks of Franchisor under the terms of this Agreement to identify and promote the Franchised Business offered hereunder; and

1.2 **Site Approval Process**. Franchisor will assist Franchisee in connection with site selection by: (i) providing Franchisee with its then-current site selection criteria, to the extent such criteria has been reduced to writing. Franchisor will use commercially reasonable efforts to approve or reject a proposal for an Approved Location within 30 days of the date Franchisor receives all reasonably-requested information regarding the proposed site. Franchisor's approval of the proposed site shall be deemed to be a binding addendum to this Agreement upon Franchisor and Franchisee's execution of Schedule 1 to Attachment A, which is attached hereto and incorporated herein by reference, and which will set forth the Approved Location. Franchisor agrees not to unreasonably withhold approval of a site that meets its site criteria. Franchisee acknowledges that Franchisor's approval of a proposed site is permission only and not an assurance or guaranty to Franchisee of the availability, suitability or success of a location, and cannot create a liability for Franchisor. While Franchisor will provide site selection assistance as specified in Section 6.1 herein, Franchisee alone is ultimately responsible for selecting and developing an acceptable location for the Franchised Business. Franchisee agrees to hold Franchisor harmless with respect to the selection of the Approved Location by Franchisee. Franchisee must obtain lawful possession of an Approved Location by lease, purchase or other method within six (6) months of the date that Franchisor accepts this Agreement. Franchisee must open for regular, continuous business within twelve (12) months of the date that Franchisor accepts this Agreement. The opening date may be extended an additional three (3) months in certain instances, as explained in Section 2.2D, below. Franchisor has the right to terminate this Agreement if Franchisee fails to select a site for the Franchised Business that meets Franchisor's approval or open for regular business within the time period allotted above.

1.3. **Approved Location & Designated Territory**. If the Approved Location has not been identified at the time this Agreement is signed, Franchisee must identify a site approved by Franchisor within the geographical area as listed in Attachment A of this Agreement ("Site Selection Area"). Once the Approved Location for the Franchised Business has been identified in Schedule 1 of Attachment A, Franchisor agrees that, so long as Franchisee is in good standing, neither it nor its affiliates will operate or establish, or authorize another Hydrogen Fitness franchisee to operate or establish, a Franchised Business using the Hydrogen Fitness System or Marks within a certain geographical area surrounding the Approved Location ("Designated Territory"). The Designated Territory, if any, will be defined in Attachment A, hereto.

1.4. **Rights Reserved to Franchisor**. Notwithstanding anything contained in this Agreement, Franchisor and its affiliate(s)/parent(s) hereby reserve the exclusive right to: (i) open and operate, and license third parties the right to open or operate, other Franchised Businesses utilizing the Marks and System outside the Designated Territory; (ii) market, offer and sell products and services similar to those offered by the Franchised Business and other businesses (such as private label products that Franchisor may develop) through alternate channels of distribution, including without limitation, via the Internet and other e-commerce channels, catalog sales, direct mail or wholesale, at any location; (iii) acquire, or be acquired by, any company, including a company operating one or more businesses offering products or services similar to those offered by a Franchised Business, located within or outside Franchisees Designated Territory, and subsequently operate (or license a third party the right to operate) these locations; (iv) open and operate, or license third parties the right to open or operate, businesses that offer products and services similar to the franchised business under marks other than the Marks at any location; and (v) use, and license others the right to use, the Marks and System to engage in any other activity not expressly prohibited by this Agreement.

## 2. ACCEPTANCE BY FRANCHISEE

2.1. **Acceptance by Franchisee**. Franchisee accepts this Agreement and the license granted herein and agrees to develop and operate the Franchised Business on the terms and conditions specified herein. Franchisee agrees to follow the System requirements in the operation of its Franchised Business, including, without limitation, its facilities, staff, advertising, operations, and all other aspects of Franchisor's business and the System now in effect and changed periodically. Franchisee (or, if Franchisee is an entity, one of its Operating Principals) and its proposed Key Manager (as defined in Section 8.6 of this Agreement) must attend and complete the appropriate initial training to Franchisor's satisfaction, as set forth in Section 6.3 of this Agreement.

2.2. **Conditions**. The rights being licensed herein are subject, without limitation, to the following conditions:

A. Franchisee's business and the Franchised Business shall be identified only by those Marks approved in writing by Franchisor with at least one exterior sign as designated by Franchisor.

B. Concurrently, with the signing of this Agreement, Franchisee must execute a personal guaranty in the form attached hereto as Attachment B ("Personal Guaranty"). In the event Franchisee is a legal entity having more than one owner, all owners, shareholders, partners, joint venturers, and any other person who directly or indirectly owns a 20% or greater interest in Franchisee (the "Owners") must execute the Personal Guaranty. Any person or entity that at any time after the date of this Agreement becomes an Owner, pursuant to Section 14 or otherwise, shall, as a condition of becoming an Owner, execute Franchisor's then-current form of Personal Guaranty.

C. Franchisee shall submit the lease for the Franchised Business to Franchisor for its written consent before Franchisee executes the lease for the Approved Location. The lease must contain the provisions outlined in Section 7.2 and Franchisor's current form of "Lease Rider".

D. Franchisee agrees that it shall open the Franchised Business for regular, continuous business no later than twelve (12) months after this Agreement is signed by Franchisor. If, through no fault of Franchisee, the Franchised Business has not opened after twelve (12) months, Franchisor may agree in writing to provide Franchisee with an additional three (3) months to open its Franchised Business if Franchisee (a) has already secured an approved premises for its Franchised Business, and (b) is otherwise making diligent and continuous efforts to buildout and otherwise prepare its Franchised Business for opening throughout the twelve (12) month period following the execution of this Agreement.

E. Franchisee agrees at all times to comply with the Manual, standards, operating systems, and other aspects of the System (collectively, the "System Standards") prescribed by Franchisor, which are subject to change at Franchisor's discretion.

## 3. TERM AND RENEWAL

3.1. **Term**. The term of this Agreement shall be for a period of ten (10) years beginning on the date this Agreement is accepted by Franchisor, unless sooner terminated under Section 15 (the "Term"). The conditions to obtain a renewal Hydrogen Fitness franchise agreement are those stated below in Section 3.2.

3.2. **Renewal**. Unless terminated at an earlier date, upon the expiration of the initial term, Franchisee shall have the right to renew this Agreement for consecutive additional five (5) year terms, subject to satisfaction of each of the following conditions:

A. Prior to each such renewal, Franchisee shall execute Franchisor's standard form of franchise agreement being offered at the time of each such renewal. The provisions of each such renewal franchise agreement may differ from and shall supersede this Agreement in all respects, including, without limitation, changes in royalty and advertising fees, except that Franchisee shall pay the Renewal Fee specified in Section 3.2(F), instead of the Initial Franchise Fee. Franchisee's failure or refusal to execute and return Franchisor's then-current standard form Franchise Agreement to Franchisor within thirty (30) days after receipt by Franchisee shall constitute Franchisee's election not to renew;

B. Franchisee shall demonstrate that it has the right to remain in possession of the Approved Location for the duration of the renewal term, or that it has been able to secure and develop an alternative site acceptable to Franchisor;

C. In consideration of each such renewal of the franchise, Franchisee shall execute a general release in the form and substance satisfactory to Franchisor, releasing any and all claims against Franchisor and its affiliates, officers, directors, employees and agents;

D. Franchisee shall have completed or made arrangements to make, at Franchisee's expense, such renovation and modernization of the Franchised Business, including the interior and exterior of the building, grounds, leasehold improvements, signs, furnishings, fixtures, equipment, surveillance cameras, and decor as Franchisor reasonably requires so the Franchised Business conforms with the then-current standards and image of Franchisor;

E. Franchisee, during the Term, shall have substantially complied with all of the provisions of this Agreement and all other agreements with Franchisor, and shall be in compliance with the Manual and with Franchisor's policies, standards and specifications on the date of the notice of renewal and at the expiration of the Term;

F. Franchisee shall pay to Franchisor a fee equal to the greater of (i) $10,000 or (ii) 25% of the then current Initial Franchise Fee (the "Renewal Fee"); and

G. Franchisee shall have given Franchisor written notice of renewal no less than 90 days or more than 180 days before expiration of the Term.

3.3. **Franchisor's Refusal to Renew Franchise**. Franchisor may refuse to renew the Franchised Business if Franchisee is in default under this Agreement, or any other agreement with Franchisor or an affiliate of Franchisor, or if Franchisee fails to satisfy any of the foregoing conditions. Subject to the above, Franchisor will not unreasonably deny renewal of a Franchise.

3.4. **Notice of Expiration Required by Law.** If applicable law requires that Franchisor give a longer period of notice to Franchisee than herein provided prior to the expiration of the Term or any additional term, Franchisor will give such additional required notice. If Franchisor does not give such required additional notice, this Agreement shall remain in effect on a month-to-month basis until Franchisee has received such required notice.

## 4. TRADEMARK STANDARDS

4.1. **Name and Ownership**. Franchisee acknowledges the validity of the Mark HYDROGEN FITNESS and all other Marks that now or in the future are or will be part of the System and agrees and recognizes that the Marks are the sole and exclusive property of Franchisor and/or the affiliates of Franchisor. Franchisee further acknowledges that Franchisee's right to use the Marks is derived solely from this Agreement and is limited to the conduct of a Franchised Business pursuant to and in compliance with this Agreement and all applicable standards, specifications and operating procedures prescribed by Franchisor from time to time. Any unauthorized use of the Marks by Franchisee shall be a breach of this Agreement and an infringement of the rights of Franchisor and its affiliates. Franchisee's use of the Marks inures to the benefit of Franchisor, which owns all goodwill now and hereafter associated with the Marks. Franchisee agrees not to contest ownership or registration of the Marks. Franchisor (and/or its affiliates) owns all right, title and interest in and to the Marks, and Franchisee has and acquires hereby only the qualified license granted in this Agreement. Franchisor agrees to indemnify Franchisee from any claims, costs or fees associated with Franchisee's authorized use of the Marks in connection with the Franchised Business, subject to the requirement that Franchisor be immediately notified of any third-party challenge to Franchisee's authorized use of any Mark under this Agreement, and Franchisor has the right to control any related litigation.

4.2. **Use**.

A. Franchisee shall not use any Mark as part of any corporate or business name with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form. Franchisee shall display and use the Marks only in the manner and form prescribed or authorized by Franchisor and shall conduct no other business than that prescribed by Franchisor. Franchisee shall not use any other mark, name, commercial symbol or logotype in connection with the operation of the Franchised Business and shall not market any product relating to the Franchised Business without Franchisor's written consent, and if such consent is granted, such product must be marketed in a manner acceptable to Franchisor. Franchisor may also permit Franchisee to use from time-to-time other trademarks, service marks, trade names and commercial symbols as may be designated by Franchisor in writing.

B. Franchisee agrees to give such notices of trademark and service mark registrations and copyrights as Franchisor specifies and to obtain such fictitious or assumed name registrations as may be required under applicable law.

C. Franchisee is prohibited from using the Marks in advertising, promotion or otherwise, without the appropriate "©" or "®" (copyright and registration marks) or the designations "TM" or "SM" (trademark and service mark), where applicable.

4.3. **Litigation**. Franchisee agrees to notify Franchisor immediately in writing if it becomes aware that any person who is not a licensee of Franchisor is using or infringing upon any of the Marks. Franchisee may not communicate with any person other than Franchisor and its counsel in connection with any such use or infringement. Franchisor will have discretion to determine what steps, if any, are to be taken in any instance of unauthorized use or infringement of any of its Marks and will have complete control of any litigation or settlement in connection with any claim of an infringement or unfair competition or unauthorized use with respect to the Marks. Franchisee will execute any and all instruments and documents and will assist and cooperate with any suit or other action undertaken by Franchisor with respect to such unauthorized use or infringement such as by giving testimony or furnishing documents or other evidence. Franchisor will be responsible for legal expenses incurred by Franchisor in connection with any litigation or other legal proceeding involving such third party. Franchisor shall not be liable for any legal expenses of Franchisee unless (a) pre-approved in writing by Franchisor in its discretion, and (b) the action arises solely out of Franchisees authorized use of the Marks as set forth in the Manual.

4.4. **Modification, Discontinuance or Substitution**. Franchisor reserves the right, if necessary in Franchisor's sole judgment, to change the principal Mark(s) of the System on a national or regional basis, and upon reasonable notice, Franchisee shall at its expense adopt a new principal Mark(s) designated by Franchisor to identify the Franchised Business. Franchisor shall have no liability or obligation whatsoever with respect to Franchisee's change of any Mark.

4.5. **Franchisor's Revenues**. Franchisor and its affiliates may offer to sell to Franchisee at a reasonable profit various goods and services and reserve the right to receive fees or other consideration in connection with sales promotion and advertising programs associated with the Marks or from System vendors.

## 5. FEES

5.1. **Initial Franchise Fee.** Franchisee agrees to pay Franchisor a franchise fee in the sum as designated on Attachment A, for a single Franchised Business upon execution of this Agreement (the "Initial Franchise Fee") in the form of a cashier's check or bank wire. The Initial Franchise Fee shall be fully earned by Franchisor upon payment and is not refundable under any circumstance.

5.2. **Royalty Fee**. Beginning on the day the Franchised Business starts generating revenue from its business operations, and continuing during the Term, Franchisee agrees to pay Franchisor, a monthly royalty fee, without setoff, credit or deduction of any nature, equal to the greater of (i) four percent (4%) of the Gross Revenue (as that term is defined in Section 5.3, below) generated by the Franchised Business over the immediately preceding month or (ii) One Thousand Dollars ($1,000) per month (the "Royalty" or "Royalty Fee"). Franchisor reserves the right to change the timing, amount, and frequency of collection of the Royalty Fee with thirty days' notice

5.3. **Gross Revenue**. Gross Revenue means the total revenue generated by the Franchised Business, including all revenue generated from the sale and provision of any and all gift cards and other approved products and services at or through the Franchised Business and all proceeds from any business interruption insurance related to the non-operation of the Franchised Business, whether such revenues are evidenced by cash, check, credit, charge, account, barter or exchange. "Gross Revenue" does not include (a) any sales tax and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, (b) the value of any allowance issued or granted to any client of the Franchised Business that is credited in good faith by Franchisee in full or partial satisfaction of the price of the approved products or services offered in connection with the Franchised Business, or (c) the remuneration that Franchisee is entitled to receive in connection with any authorized training that is provided pursuant to Section 6 of this Agreement.

5.4. **Brand Fund Contribution.** Beginning on the day the Franchised Business starts generating revenue from its business operations and continuing during the Term. Franchisee must contribute 2% of monthly Gross Revenues to a fund Franchisor has established to promote the Hydrogen Fitness brand as described in this Agreement ("Brand Fund Contribution"). Franchisor reserves the right to raise the amount of the Brand Fund Contribution to a maximum of 4% of monthly Gross Revenue on thirty days' advance written notice. The Brand Fund Contribution will typically be paid in the same manner and at the same interval that the Royalty Fee is collected (based on the Gross Revenue of the Franchised Business over the immediately preceding reporting period).

5.5. **Technology Fee.** Franchisee must pay to Franchisor, or a third party that Franchisor designates, a fee for various technology services that Franchisor will provide or arrange for third parties to provide, which services are subject to change over time (a "Technology Fee"). Currently, the Technology Fee is $150 per month. Franchisor reserves the right to increase the Technology Fee by providing written notice of any change at least 30 days prior to the implementation of the new fee amount. The Technology Fee currently includes fees related to the maintenance, licensing, access to and usage of Franchisors designated software, Franchisors intranet, and the system website. Franchisor may add, delete, or otherwise modify the products and services that are included in the Technology Fee. In addition to the monthly Technology Fee, Franchisee will be responsible for any "per transaction" fee charged by third-party vendors for mobile application or software.

5.6. **Training-Related Fees.**

A. *Initial Training.* Initial Training. As described more fully in this Agreement, Franchisee and certain of its personnel will: (i) be required to attend and complete certain initial training before the Franchised Business can open for operations, as well as certain ongoing training, as described more fully in Section 6 of this Agreement; and (ii) have the right to request that Franchisor provide certain kinds of training or on-site assistance, subject to the availability of Franchisor's training personnel. While certain initial and ongoing training will be provided by Franchisor without charging any kind of training fee, Franchisee (or its personnel) will be responsible for ensuring Franchisor receives its then-current training fee, which Franchisor estimate will be a minimum of $500 per day per employee, as applicable, in connection with any training that Franchisor provides hereunder that involves such a fee (the "Training Fee").

5.6 **Other Amounts Due in Connection with Franchised Business.** Franchisee will also be responsible for timely payment of any other required fees or amounts necessary to purchase marketing materials, inventory or other supplies from Franchisor or its affiliates described in this Agreement.

5.7. **Electronic Transfer; Right to Modify Collection Interval.**

A. The Royalty Fee, Brand Fund Contribution as well as any other fees owed to Franchisor or its affiliates under this Section 5 or otherwise in connection with the Franchised Business, will be automatically debited from Franchisee's point-of-sale operating account administered by the designated supplier of point-of-sale services on a monthly basis throughout the Term, unless Franchisor provides reasonable written notice that Franchisor is modifying the collection interval (*e.g.*, notifying Franchisee that Franchisor will be collecting Royalty Fee, Brand Fund Contribution and other recurring amounts due on a weekly rather than monthly basis, with such weekly fees based on the Gross Revenue of the Franchised Business over the preceding week).

B. All amounts due to Franchisor for the purchase of products, services or otherwise are due upon receipt of an invoice from Franchisor. Any payment or report not actually received by Franchisor on or before the due date is overdue.

C. Franchisee agrees to complete and execute Franchisor's form of "Electronic Funds Transfer Agreement" and any other form, including, without limitation, an "Electronic Debit Authorization for the purpose of authorizing an electronic debit, and to submit any information required by Franchisor for such authorization.

D. Franchisee is required to use only the POS system provided by the designated supplier and will pay the designated provider directly for all fees associated with the use of the designated provider's software. Franchisee is not allowed to use an unapproved external terminal to process transactions.

5.8. **Interest and Late Charges**. Amounts due to Franchisor (except interest on unpaid amounts due) not paid when due shall bear interest from the date due until paid at the lesser of five percent (5%) per month, or the highest rate of interest allowed by law. Franchisor may also recover its reasonable attorneys' fees, costs and other expenses incurred in collecting amounts owed by Franchisee.

5.9. **Opening Inventory Package.**

A. Prior to opening the Franchised Business governed by this Agreement, Franchisee must purchase from Franchisor an initial package of inventory, which includes but is not limited to, certain branded materials and supplements required to operate the Franchised Business (the "Opening Inventory Package"). During the Term, Franchisee will be responsible for (a) maintaining and/or replacing the items comprising the Opening Inventory Package, and (b) maintaining certain levels of inventory with respect to those items, as set forth more fully in this Agreement.

B. Franchisee further agrees to install at its expense and use the membership accounting, cost control, point of sale ("POS") and inventory control systems through the supplier Franchisor designates. The designated, or approved, supplier(s) for these services will be updated in the Manuals as changes are made. During the Term, Franchisee will also be required to pay Franchisor's then-current designated provider for the software that Franchisor prescribes for use in connection with the Franchised Business and the POS, which may be modified upon reasonable written notice to Franchisee.

## 6. FRANCHISOR SERVICES

6.1. **Site Selection and Lease Negotiations**. Although Franchisor will provide the site selection assistance described in Section 1.2 of this Agreement, Franchisee is solely responsible for locating, obtaining and evaluating the suitability and prospects of the Franchised Business location, for the review and negotiation of its lease, and for hiring an attorney or other advisor to review and help negotiate the lease. The Approved Location must meet Franchisor's then-current System standards and specifications, as set forth in the Manuals or otherwise in writing by Franchisor. Franchisor reserves the right to charge a reasonable fee for performing any Franchisee-requested on-site evaluation to cover incurred expenses, including, but not limited to, travel, lodging, meals and wages. Franchisor agrees not to unreasonably withhold approval of a site that meets its site criteria.

6.2. **Unit Development**. Franchisor shall consult and advise Franchisee on the proper display of the Marks, layout and design, and other equipment, furniture, fixtures, surveillance cameras with audio, initial inventories, recruiting personnel, and managing construction or remodeling of the Franchised Business. After Franchisee has executed a lease for the Approved Location, Franchisor shall deliver to Franchisee specifications and standards for building, equipment, furnishings, fixtures, surveillance cameras with audio, layout, design and signs relating to the Approved Location and shall provide reasonable consultation in connection with the development of the Franchised Business. Franchisee's architect must make any layout, design and specifications provided by Franchisor site-specific. Franchisee agrees to make no changes, alterations or modifications whatsoever to the selected layout and design without obtaining prior written consent from Franchisor.

6.3. **Training Requirements and Remedies.** Franchisee agrees and acknowledges that the following training obligations and requirements must be strictly complied with and adhered to at all times during the Term:

A. *Initial Training Requirements.* prior to opening the Franchised Business, Franchisee must ensure that: (i) Franchisee (or, if an entity, its Operating Principal) completes the initial training program; (ii) if Franchisee has engaged a Key Manager as described more fully in Section 8.6 of this Agreement, such Key Manager has completed initial training program. The initial training must be completed no later than ninety (90) days prior to opening.

1. Initial Training. The Initial Training will be provided at a location Franchisor's designates, and Franchisee will be responsible for all costs and expenses associated with attending initial training. Franchisor will provide such training to three (3) persons tuition-free, provided the three (3) individuals attend at the same time prior to the opening of the Franchised Business and subject to the schedules and availability of its training staff. Otherwise, Franchisor reserves the right to charge its then-current Training Fee for initial training to any other individuals that wish to attend

2. Remote Instruction. Franchisor has the right to provide and require that Franchisee or other required trainee participate in and complete, portions of the training described in this Section that are provided remotely via the Internet or similar learning management system that permits the Franchisor to determine whether Franchisee and/or other required trainee is actively participating in the webinar or other instruction at issue.

B. *Discretionary On-Site Assistance*. Around the time the Franchised Business is opening, Franchisor may send one (1) or more representatives to the Franchised Business to (i) provide assistance and recommendations regarding the opening and initial operations of the Franchised Business, and/or (ii) provide additional or refresher training, as Franchisor determines appropriate in its discretion (collectively, the "Discretionary On-Site Assistance"). In the event Franchisor notifies Franchisee that it will be providing the Discretionary On-Site Assistance, such assistance typically lasts one (1) to two (2) days and Franchisee must ensure that Franchisee (or its Operating Principal), and management personnel are in attendance at the Franchised Business during those day.

C. *Ongoing/Refresher Training.* Franchisor may provide, and require that Franchisee as well as any of its management personnel attend, up to five (5) days of additional training each year at a training facility that Franchisor designates. Franchisee may also request that Franchisor provide certain additional or refresher training to Franchisee, either at one (1) of Franchisor's designated training facilities or on-site at Franchisee's Franchised Business, but Franchisor reserves the right to charge Franchisee its then-current Training Fee based in connection with any training that Franchisor provides at Franchisee's request. Such training will be provided subject to the availability and schedules of Franchisor's training personnel.

D. *Remedial Training*. If Franchisor determines that Franchisee is operating the Franchised Business in a manner that is not consistent with the terms of this Agreement or the Manuals, or if Franchisee is otherwise in material default of this Agreement, Franchisor may also require that Franchisee, its Key Manager (if applicable) and/or certain employees of the Franchised Business attend and complete up to five (5) additional days of training at (a) Franchisor's designated training facility, (b) the Franchised Business, or (c) other location Franchisor designates, that is designed to address the default or other non-compliance issue (the "Remedial Training"). Franchisor may require Franchisee and its designated trainees to pay Franchisor its then-current Training Fee in connection with attending Remedial Training.

E. *Costs and Expenses.* Franchisee will be responsible for the costs and expenses associated with Franchisee and its personnel attending and completing all of the training described in this Section, including without limitation, any costs related to travel, lodging, meals and (if appropriate) wages/compensation for personnel.

6.4. **Operations Manual**. Franchisor will grant Franchisee online access to an electronic version of the Manual during the Term. The Manual is anticipated to codify existing mandatory and suggested specifications, standards and operating procedures currently prescribed by Franchisor. Franchisee acknowledges that Franchisor may from time to time revise its Systems as well as the contents of the Manual, and Franchisee agrees to comply with each new or changed standard and specification upon notice from Franchisor. The Manual shall remain the sole property of Franchisor and shall be kept confidential by Franchisee both during the Term and subsequent to the termination, expiration, or non-renewal of this Agreement. If Franchisee, intentionally or otherwise through its gross negligence, compromises the secure access to the online version of the Manual (or any hard copy of the Manual), including, but not limited to, allowing unauthorized users access to the Manual and its confidential contents, Franchisee will be required to pay Franchisor liquidated damages in the amount of $10,000, to compensate Franchisor for the breach and related damage to the System.

6.5. **Continuing Services**. Franchisor shall provide such continuing advisory assistance and information to Franchisee in the development and operation of the Franchised Business as Franchisor deems advisable in its discretion. Such assistance may be provided, in Franchisor's discretion, by Franchisor's directives, System bulletins, meetings and seminars, telephone, computer, e-mail, fax, personal visits, newsletters or manuals.

6.6. **Approved Lists**. Franchisor shall provide and from time to time, add to, alter or delete, at Franchisor's discretion, lists of specifications, approved distributors and suppliers, approved services and products, including, but not limited to, exercise equipment and gear, and other materials and supplies used in the operation of the Franchised Business. Franchisor, or an affiliate of Franchisor, may be a designated or approved supplier of certain equipment, gear, merchandise, apparel and supplies.

6.7. **Pricing.** Franchisor has developed an image that is based in part on luxury fitness facilities and other products and services offered by the System. To promote a consistent consumer experience, and to maximize the value of the products and services Franchised Businesses offer, Franchisor may require fixed minimum prices for any products or services offered by the System and Franchisee. Franchisee is obligated to use the pricing required by Franchisor, unless Franchisor consents to changes in local pricing offered by Franchisee in order to (i) allow Franchisee to respond to unique, local, marketing conditions, competition, or expenses; or (ii) comply with changes or interpretations in state or federal anti-trust laws. Consistent with state or federal law, Franchisor reserves the right to change or eliminate its pricing program in the future, or to move from a required to recommended pricing structure.

6.8. **Pre-Opening Membership Sales.** Franchisee may perform pre-opening membership sales activities during the five (5) month period preceding opening the Franchised Business or such other period as Franchisor may prescribe. All such membership sales activities must comply with the Standards and Systems that Franchisor designates. Before Franchisee may commence membership sales activities Franchisee must: (i) Franchisee must have received notice in writing from Franchisor authorizing the sale of memberships to the public; (ii) Franchisee (or it's Operating Principal) and the Key Manager must have completed all necessary training programs; and (iii) Franchisee must have secured all financing and permits necessary to develop, build and fully equip the Franchised Business as set forth in this Agreement. Franchisee must also comply with and certify to Franchisor in writing that they have obtained all necessary bonds and otherwise have complied, and will comply, with all applicable laws relating to the presale of memberships.

6.9. **Brand Fund.** As detailed in Section 9.1 of this Agreement, the Brand Fund will be maintained and administered by Franchisor with the assistance of the marketing fund committee ("MFC") to meet the costs of conducting regional and national advertising and promotional activities (including the cost of advertising campaigns, test marketing, marketing surveys, public relations activities and marketing materials) which Franchisor and the MFC deem beneficial to the System.

6.10. **Grand Opening Advertising Assistance.** Franchisor may consult and advise Franchisee on the advertising, marketing, and promotion for the grand opening of the Franchised Business, as Franchisor deems appropriate in its discretion.

## 7. FACILITY STANDARDS, LEASE AND CONSTRUCTION

7.1. **Facility Specifications.** Franchisee's Franchised Business shall meet the following conditions:

A. The Franchised Business shall be laid out, designed, constructed or improved, equipped and furnished in accordance with Franchisor's standards and specifications. Equipment, furnishings, fixtures, surveillance cameras with audio, decor and signs for the Franchised Business shall be purchased from suppliers approved or designated by Franchisor. Franchisee may remodel or alter the Franchised Business, or change its equipment, furniture or fixtures, only with Franchisor's consent. Franchisee must obtain necessary permits, licenses and other legal or architectural requirements. The Franchised Business shall contain or display only signage that has been specifically approved or designed by Franchisor.

B. The Franchised Business and all equipment shall be maintained in accordance with standards and specifications established by Franchisor or prescribed after inspection of the Franchised Business. Franchisee shall promptly repair or replace defective or obsolete equipment, signage, fixtures or any other item of the interior or exterior that is in need of repair, refurbishing or redecorating in accordance with such standards established (and updated from time to time) by Franchisor or as may be required by Franchisee's lease.

C. Franchisee agrees and acknowledges that: (i) the System will evolve; (ii) the fitness industry must respond to new fads, new forms of exercise, new equipment and new training techniques; and (iii) the System must change to meet customer demands. From time to time, as Franchisor requires, Franchisee must modernize and/or replace items of the Trade Dress or Franchised Business equipment as may be necessary for the Franchised Business to conform to the standards for new Franchised Business. Further, Franchisee will be required to thoroughly modernize or remodel the Franchised Business when requested by Franchisor, but no more than once every 5 years. Franchisee acknowledges that this obligation could result in Franchisee making extensive structural changes to, and significantly remodeling and renovating the Franchised Business, and Franchisee agrees to incur, without limitation, any capital expenditures required in order to comply with this obligation and Franchisor's requirements. Within 60 days after receiving written notice from Franchisor, Franchisee shall have plans prepared according to the standards and specifications that Franchisor prescribes and Franchisee must submit those plans to Franchisor for its approval. Franchisee agrees to complete all work according to the plans that Franchisor approves within the time period that Franchisor reasonably specifies and in accordance with this Agreement. Franchisor, or its Affiliate, will hold themselves, and the Franchised Business they operate (if any) to the same high standard, and same frequency for replacement and renovation as is expected of Franchisee.

D. The Franchised Business shall contain signage prominently identifying Franchisee by name as an independently owned and operated franchisee of Franchisor.

7.2. **Lease**. Franchisee is solely responsible for purchasing or leasing a suitable site for the Franchised Business. Franchisee must submit the lease for the Franchised Business to Franchisor for its written consent before Franchisee executes the lease for the Approved Location. Franchisor will not withhold consent arbitrarily; however, any lease must contain substantially the following provisions: (1) "The leased premises will be used only for the operation of a Hydrogen Fitness franchise utilizing the Proprietary Marks and System;" (2) "The employees of Franchisor will have the right to enter the leased premises to make any modifications necessary to protect the System and proprietary marks thereof;" (3) "Lessee agrees that Lessor may, upon request of Franchisor disclose to said Franchisor all reports, information or data in Lessor's possession with respect to sales made in, upon or from the leased premises;" and (4) a conditional assignment clause to be contained in a Lease Rider in a form approved by Franchisor, which shall provide that Franchisor (or its designee) may, upon termination, expiration, non-renewal or proposed assignment of this Agreement, at Franchisor's sole option, take an assignment of Franchisee's interest thereunder, without the consent of the Lessor or property owner, without liability for accrued obligations, payment of additional consideration or increase in rent, and at any time thereafter, reassign the lease to a new franchisee. Franchisor's execution of this Agreement is conditioned upon the above-referenced lease addendum, which shall be signed by Franchisee and attached and made part of the lease for the Franchised Business. Franchisee acknowledges that it has been advised to have any lease reviewed by Franchisee's own legal counsel.

7.3. **Unit Development.** Franchisee agrees that after obtaining possession of the Approved Location, Franchisee will promptly, at Franchisee's sole expense:

A. Obtain any standard plans and/or specifications from Franchisor;

B. Employ a qualified licensed architect, as required by state or local codes, to prepare all drawings, designs, plans and specifications for the Franchised Business, and submit same to Franchisor for review and approval prior to commencing construction;

C. Complete the construction or remodeling of the Franchised Business in full and strict compliance with plans and specifications approved by Franchisor, and in compliance with all applicable ordinances, building codes and permit requirements;

D. Purchase or lease, in accordance with Franchisor's standards and specifications, all furniture, equipment, fixtures, inventory, supplies and signs required for the Franchised Business;

E. Hire and train the initial operating personnel according to Franchisor's standards and specifications; and

F. Complete development of and have the Franchised Business open for business not later than twelve (12) months after signing this Agreement.

7.4. **Franchisee's Responsibility.** Although Franchisor may provide Franchisee with various standard or sample plans and specifications with respect to constructing and equipping the Franchised Business, it is Franchisee's sole responsibility to construct and equip the Franchised Business in compliance with all applicable federal, state and local laws and regulations, including, without limitation, all building codes, fire and safety codes, environmental laws, Occupational Safety and Health Administration laws, health laws, sanitation laws, Americans with Disabilities Act and all other requirements that may be prescribed by any federal, state or local governmental agency. Franchisee further acknowledges and agrees that Franchisee is, and will continue to be at all times during the Term, solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, 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. Franchisee's employees must be competent, conscientious, and properly trained. Franchisee acknowledges that nothing in this Agreement shall, or may be construed to, create any type of employer or joint employer relationship between (a) Franchisee or any of Franchisee's personnel, and (b) Franchisor in any matter.

## 8. IMAGE AND OPERATING STANDARDS

8.1. **Compliance**. Franchisee acknowledges and agrees that every detail regarding the appearance and operation of the Franchised Business is important to Franchisor, Franchisee, the System and other Hydrogen Fitness franchisees in order to maintain high and uniform operating standards, to increase demand for the products and services sold by all franchisees, and to protect Franchisor's reputation and goodwill, and, accordingly, Franchisee agrees to comply strictly at all times with the requirements of this Agreement and Franchisor's standards and specifications (whether contained in the Manual or any other written or oral communication to Franchisee by Franchisor) relating to the appearance or operation of the Franchised Business. Franchisee acknowledges that other Franchised Businesses may operate under different forms of agreement with Franchisor, and that the rights and obligations of the parties to other agreements may differ from those hereunder.

8.2. **Franchisor's Right to Inspection**. To determine whether Franchisee is complying with this Agreement and Franchisor's standards and specifications, Franchisor reserves the right to supervise, determine and approve the standards of appearance, quality and service pertinent to the Franchised Business including, without limitation, the right at any reasonable time and without prior notice to Franchisee to: (1) inspect and examine the business premises, equipment, facilities and operation of the Franchised Business in person or by web accessible surveillance cameras with audio, which are required to be installed in the each Franchised Business; (2) interview Franchisee and Franchisee's employees, including any independent contractors; (3) interview Franchisee's members and customers, suppliers and any other person with whom Franchisee does business; (4) confer with members and staff of government agencies with authority over Franchisee about matters relevant to the Franchised Business; and (5) use "mystery shoppers," who may pose as customers and evaluate Franchisee and Franchisee's operations.

8.3. **Personnel.** Franchisee agrees to employ in the operation of the Franchised Business only persons of high character and ability who maintain and exhibit traits of enthusiasm, cleanliness, neatness, friendliness, honesty and loyalty, it being recognized by Franchisee that such persons are necessary in order to promote and maintain customer satisfaction and the goodwill of the System. Franchisee agrees to staff the Franchised Business at all times with a sufficient number of qualified, competent personnel who have been trained in accordance with Franchisor's standards. Franchisee shall be considered the employer of all employees and independent contractors of the Franchised Business. It is the sole responsibility of Franchisee to hire, discipline, discharge and establish wages, hours, benefits, employment policies and other terms and conditions of employment for its employees and independent contractors. Franchisee is responsible for obtaining its own independent legal advice regarding the employment of employees and independent contractors, and complying with any and all applicable laws pertaining thereto. Franchisor shall have no responsibility for the terms and conditions of Franchisee's relationship with Franchisee's employees and/or independent contractors. Franchisee shall engage in no discriminatory employment practices and shall in every way comply with all applicable laws, rules and regulations of federal, state and local governmental agencies, including, without limitation, all wage-hour, civil rights, immigration, employee safety and related employment and payroll related laws. Franchisee shall make all necessary filings with, and pay all taxes and fees due to, the Internal Revenue Service and all other federal, state and local governmental agencies or entities to which filings and payments are required.

8.4. **Products and Services to be Offered for Sale.**

A. *Approved Services and Approved Products Generally.* Franchisee acknowledges that the presentation of a uniform image to the public and the offering of uniform services and products is an essential element of a successful franchise system. In order to insure consistency, quality and uniformity throughout the System, Franchisee agrees: (i) to sell or offer for sale only the services or products that have been expressly approved for sale by Franchisor; (ii) to sell or offer for sale all services and products required by Franchisor; (iii) not to deviate from Franchisor's standards and specifications; and (iv) to discontinue selling and offering for sale any services or products that Franchisor may, in its discretion, disapprove at any time. Franchisor shall supply Franchisee with a list of suppliers from which Franchisee is required to purchase furniture, fixtures, equipment, supplies, products or services for the Franchised Business. Franchisor may change this list from time to time, and upon notification to Franchisee, Franchisee shall only equipment, products or services from approved suppliers as specified on the changed list. Franchisor, or an affiliate of Franchisor, may be a designated or approved supplier of certain furniture, fixtures, equipment and supplies. Franchisee agrees to keep the Franchised Business and its premises in clean condition, operational, and be open at all times specified by Franchisor.

B. *Required Use of Approved Suppliers.* Franchisee agrees that: (i) all gym equipment and certain branded inventory and supplements must be purchased exclusively from approved suppliers and must be maintained according to Franchisor specifications, as applicable. Franchisee acknowledges and agrees that Franchisor is (or may at any time in future become) an approved or designated supplier for any furniture, fixtures, equipment, supplies, products, logo items, and signage, that Franchisor may derive income from the sale of such items, and that the price charged by Franchisor may reflect a profit.

C. *Non-Approved Services, Products or Suppliers.* If Franchisee proposes to offer for sale any other products or services that have not been approved by Franchisor, Franchisee shall first notify Franchisor in writing and submit sufficient information, specifications and samples concerning such product and/or supplier and/or service for a determination by the Franchisor whether such product or supplier of service complies with the Franchisor's specifications and standards and/or whether such supplier meets the Franchisor's approved supplier criteria. Franchisor shall, within ninety (90) days, notify Franchisee in writing whether or not such proposed product and/or supplier or service is approved, as determined in Franchisor's discretion. Franchisor reserves the right to charge Franchisee reasonable costs in connection with Franchisor's review, evaluation, and approval of alternative suppliers. These charges may include reimbursement for travel, accommodations, meal expenses, and personnel wages. Franchisor may from time to time prescribe procedures for the submission of requests for approved products and/or suppliers or services and obligations that approved suppliers must assume (which may be incorporated in a written agreement to be executed by approved suppliers). Franchisor reserves the right to revoke its approval of a previously authorized supplier, product, class or service when Franchisor determines in its discretion that such supplier, product, class, or service is not meeting the specifications and standards established by Franchisor. If Franchisor modifies its list of approved products, classes and/or suppliers and/or services, Franchisee shall not, after receipt in writing of such modification, reorder any product or utilize any supplier, product, class or service that is no longer approved.

D. *Franchisor Rights.* Franchisee acknowledges and agrees that Franchisor may sell products and services to customers or members located anywhere, even if such products and services are similar to what Franchisor sells to Franchisee and what Franchisee offers at the Franchised Business. Franchisor may use the internet or alternative channels of commerce to sell Hydrogen Fitness brand products and services. Franchisee may only sell the products and services from the Franchised Business's approved location and may only use the internet or alternative channels of commerce to offer or sell the products and services, as permitted by Franchisor.

E. *Advertising Outside Designated Territory.* Unless Franchisor agrees otherwise, Franchisee may not actively solicit customers or otherwise promote the franchised business through any targeted advertising/marketing, outside of the Designated Territory. Nothing in this Agreement, however, shall prohibit Franchisee from servicing customers that contact Franchisee or the Franchised Business, regardless of where those customers reside or work.

F. *No Unauthorized Sales of Certain Items.* Unless Franchisor directs or agrees otherwise in writing, Franchisee agrees not to sell any unauthorized products or services at the Franchised Business.

G. *Penalty Fee.* Franchisor reserves the right to charge its then-current per day Penalty Fee for each day Franchisee offers or sells unauthorized products or services from the Franchised Business in a manner that is not consistent with this Agreement.

8.5. **Compliance with Laws.** Franchisee agrees to comply with all federal, state and local laws, rules, and regulations and shall as soon as practicable, but in any event prior to the opening for business of the Franchised Business, obtain all municipal and state permits, certificates or licenses necessary to operate the Franchised Business and shall file and publish, if required by applicable law, a certificate of doing business (whether under a fictitious name or otherwise). Franchisee acknowledges and agrees that it has the sole responsibility to investigate and comply with any applicable laws in the state where the Franchised Business is located that are specific to the operation of fitness studio. Franchisee shall operate and maintain the Franchised Business in strict compliance with all employment laws, building codes, fire and safety codes, environmental laws, Occupational Safety and Health Administration laws, health and safety laws, sanitation laws, Americans with Disabilities Act and any other requirements that may be prescribed by any federal, state or local governmental agency. Franchisee agrees to immediately provide Franchisor with a copy of any notice received by Franchisee from any state, local or governmental agency pertaining to compliance with any codes or requirements, or the failure to comply with any codes or requirements, at the Franchised Business. Franchisee hereby certifies and represents that Franchisee, and any of its affiliates, any of its partners, members, shareholders or other equity owners, and their respective employees, officers, directors representatives or agents, are not acting, directly or indirectly, for or on behalf of any person, group, entity or nation named by any Executive Order or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule or regulation that is enforced or administered by the Office of Foreign Assets Control. Franchisee hereby agrees to defend, indemnify and hold harmless Franchisor from and against any and all claims, damages, losses, risks, liabilities and expenses (including attorneys' fees and costs) arising from or related to any breach of the certifications set forth in this paragraph.

8.6. **Operational Efforts**. Franchisee may appoint a manager to assist in the direct, day-to-day, supervision of the operations of the Franchised Business (a "Key Manager") , provided that such Key Manager successfully completes the initial training program prior to commencing any management responsibilities at the Franchised Business. Franchisee agrees to keep Franchisor advised, in writing, of any manager involved in the operation of the franchised business and their contact information. Franchisee agrees to keep the Franchised Business open for the hours stated in the Manual and as deemed appropriate by Franchisor. If Franchisee does not have a Key Manager, then Franchisee (or its Operating Principal, as applicable) must be on-site at the Franchised Business during normal business hours to manage day to day operations.

8.7. **Good Standing**. Franchisee will be considered in "Good Standing" if Franchisee is not in default of any obligation to Franchisor or any of Franchisor's affiliates, whether arising under this Agreement or any other agreement between Franchisee and Franchisor (or any of Franchisor's affiliates), the Manual or other System requirements.

8.8. **Performance Standards**. Franchisee and Franchisor have a shared interest in the Franchised Business performing at or above the System Standards. Franchisor would not have entered into this franchise relationship if Franchisor had anticipated that Franchisee would not meet these Performance Standards.

A. *System Standards*. Franchisor may choose, in its sole discretion, to evaluate the Franchised Business for compliance with the System Standards using various methods (including, but not limited to, inspections, field service visits, surveillance camera monitoring, member comments/surveys, and secret shopper reports.) Franchisee must meet minimum standards for cleanliness, equipment condition, repair and function, and customer service. Franchisee's employees, including any independent contractors, must meet minimum standards for courteousness and customer service.

## 9. ADVERTISING AND MARKETING

### 9.1. **Brand Fund**.

A. Franchisor has established a creative brand fund to promote the System, Marks and Hydrogen Fitness brand generally (the "Brand Fund"). Franchisee is required to contribute two percent (2%) of monthly Gross Revenue of its Franchised Business to this Brand Fund (the "Brand Fund Contribution"), commencing once the Franchised Business opens for operations. The Brand Fund Contribution will be paid in the same manner and at the same interval that the Royalty Fee is collected (based on the Gross Revenue of the Franchised Business over the immediately preceding reporting period). Franchisor reserves the right to raise the Brand Fund Contribution up to a maximum of four percent (4%) of monthly Gross Revenue, upon thirty (30) days written notice.

B. The Brand Fund will be administered by Franchisor as it deems appropriate in its discretion. Franchisor may establish a committee to serve in an advisory capacity only with respect to providing guidance and advice on Brand Fund-related matters (the "MFC"), but Franchisor is under no obligation to do so. In the event an MFC is established in connection with the Fund, Franchisor will determine how best to structure and work with the MFC and Franchisor will have the right to dissolve any established MFC upon 30 days' written notice to Franchisee. The Brand Fund will be maintained and operated by Franchisor, as it deems appropriate in its discretion, to meet the costs of conducting regional and national advertising, promotional, marketing activities, as well as related technology and other brand development activities, that are deemed most beneficial to the System.

C. Franchisor has complete control and discretion over how to administer the Brand Fund and Brand Fund Contributions to determine the advertising, marketing and public relations programs and activities financed by the Brand Fund, including the creative concepts, materials and endorsements used and the geographic market, media placement and allocation. Franchisee agrees that the Brand Fund may be used to pay the costs of preparing and producing associated materials and programs as Franchisor may determine, including the use of social media; video, audio and written advertising materials employing advertising agencies; sponsorship of sporting, charitable or similar events; administering regional, national and multi-regional advertising programs including purchasing direct mail and other media advertising, website development/operation and to pay Internet, Intranet, URL, (800) or similar number, and other charges, fees and/or expenses, including employing advertising agencies to assist with marketing efforts; and supporting public relations, market research and other advertising, promotional and marketing activities. The parties agree and acknowledge that, among other things, a brief statement regarding the availability of Hydrogen Fitness franchises and details about the franchise offering may be included in advertising and other items produced using the Brand Fund.

D. Franchisor may spend in any calendar year more or less than the total Brand Fund Contributions to the Brand Fund in that year. Franchisor may cause the Brand Fund to invest any surplus for future use by the Brand Fund. Franchisor may borrow from Franchisor or other lenders on behalf of the Fund to cover deficits of the Brand Fund.

E. Franchisor and/or any Franchisor-Related Persons/Entities can provide goods, services, materials, etc. (including administrative services and/or "in-house advertising agency" services) and be compensated and/or reimbursed for the same by the Brand Fund, provided that any such compensation must be reasonable in amount. Franchisor can arrange for goods, services, materials, etc. (including administrative services) to be provided by independent persons/companies and all related costs, fees, etc. will be paid by the Brand Fund.

F. The Brand Fund will be accounted for separately from Franchisor's other funds and Franchisor will not use the Brand Fund for its general operating expenses. All taxes of any kind incurred in connection with or related to the Brand Fund, its activities, contributions to the Brand Fund and/or any other Brand Fund aspect, whether imposed on Franchisor, the Brand Fund or any other related party, will be the sole responsibility of the Brand Fund. Franchisor will not be required to audit the Brand Fund but will provide an annual accounting of the Brand Fund at the written request of Franchisee that is made 120 days after the fiscal year at issue. All interest earned on monies contributed to, or held in, the Brand Fund will be remitted to the Brand Fund and will be subject to the restrictions of the relevant Franchise Agreement(s).

G. Franchisee acknowledges that the Brand Fund Contributions are intended to maximize general public recognition of and the acceptance of Franchisors intellectual property for the benefit of the System as a whole. Notwithstanding the foregoing, Franchisor undertakes no obligation, in administering the Brand Fund Contributions to make expenditures for Franchisee that are equivalent or proportionate to Franchisees contribution, or to insure that any particular Hydrogen Fitness business benefits directly or *pro rata* from advertising or promotion conducted with the Brand Fund Contributions.

H. Franchisor maintains the right to terminate the collection and disbursement of the Brand Fund Contributions and the Brand Fund. Upon termination, Franchisor will disburse the remaining funds for the purposes authorized under this Agreement.

I. In the event Franchisor or any Affiliate of Franchisor owns and operates a Franchised Business utilizing the System, these locations may but are not required to contribute to the Brand Fund on the same basis that franchised business's in the System are required to contribute.

9.2. **Grand Opening Advertising; Local Marketing Activities.**

A. *Grand Opening.* Franchisee must spend a minimum of $15,000 in connection with the grand opening and initial launch marketing of the Franchised Business around the time the Franchised Business opens, as reasonably directed by Franchisor (the "Grand Opening Advertising Spend"). Franchisor may also require that Franchisee expend all or any portion of the Grand Opening Advertising Spend on initial marketing/advertising and/or public relations materials or services that are purchased from an Approved Supplier.

B. *Local Advertising Requirement.* Franchisee is responsible for local advertising and marketing activities to attract members to the Franchised Business. During the first twelve (12) months of operation Franchisee must expend a minimum of $4,000 per month on approved local advertising and marketing activities designed to promote the Franchised Business within the Designated Territory. After the expiration of the twelve (12) month anniversary of the opening date, Franchisor may at their sole discretion, lower the expenditure requirement to $3,000 or such lower amount Upon Franchisor's written request, Franchisee must provide Franchisor with an accounting of all expenditures made by Franchisee to comply with this Section, along with any invoices or other documentation to support such expenditures.

C. *Advertising Standards.* Franchisee's advertising will be in good taste and conform to ethical and legal standards and Franchisors requirements. Franchisor may require Franchisee to submit samples of all advertising and promotional materials (and any use of the Marks and/or other forms of commercial identification) for any media, including the Internet, World Wide Web or otherwise. Franchisor retains the right to approve or disapprove of such advertising, in its sole discretion. Franchisee agrees not to use any materials or programs disapproved by Franchisor.

D. *Approval.* Franchisor must approve any form of co-branding, or advertising with other brands, products or services, in writing, in advance.

**Social Media Activities.** As used in this Agreement, the term "Social Media" is defined as a network of services, including, but not limited to, blogs, microblogs, and social networking sites (such as Facebook, LinkedIn and MySpace), video-sharing and photo-sharing sites (such as YouTube and Flickr), review sites (such as Yelp), marketplace sites (such as eBay and Craigslist), Wikis, chat rooms and virtual worlds, that allows participants to communicate online and form communities around shared interests and experiences. While it can be a very effective tool for building brand awareness, it can also be devastating to a brand if used improperly. Therefore, Franchisee must strictly follow the Social Media guidelines, code of conduct, and etiquette as set forth in the Manual. Any use of Social Media by Franchisee pertaining to the Franchised Business must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. Franchisor reserves the right to "occupy" any Social Media websites/pages and be the sole provider of information regarding the Franchised Business on such websites/pages (e.g., a system-wide Facebook page). At Franchisor's request, Franchisee will promptly modify or remove any online communication pertaining to the Franchised Business that does not comply with this Agreement or the Manual.

9.3. **Franchisee Marketing Group(s) ("Co-Ops").** Franchisor may decide to form one or more associations and/or sub-associations of Franchised Business's to conduct various marketing-related activities on a cooperative basis (a "Co-Op"). If one or more Co-Ops (local, regional and/or national) are formed covering Franchisee's area, then Franchisee must join and actively participate. Each Franchised Business will be entitled to one (1) vote, but in order to vote the Franchised Business must be in Good Standing. Franchisee may be required to contribute such amounts as are determined from time to time by such Co-Ops.

## 10. FINANCIAL REPORTS, AUDITS, MANAGEMENT AND TECHNOLOGY SYSTEM AND INSURANCE REQUIREMENTS

10.1. **Records and Reports.** Franchisee shall maintain and preserve for four (4) years or such period as may be required by law (whichever is greater) from the date of their preparation such financial information relating to the Franchised Business as Franchisor may periodically require, including without limitation, Franchisee's sales and use tax returns, register tapes and reports, sales reports, purchase records, and full, complete and accurate books, records and accounts prepared in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor. Franchisee agrees that its financial records shall be accurate and up-to-date at all times. Franchisee agrees to promptly furnish any and all financial information, including tax records and returns, relating to the Franchised Business to Franchisor on request.

10.2. **Right to Conduct Audit or Review**. Franchisor shall have the right, in its sole determination, to require a review by such representative(s) as Franchisor shall choose, of all information pertaining to the Franchised Business including, without limitation financial records, books, tax returns, papers, and business management software programs of Franchisee at any time during normal business hours without prior notice for the purpose of accurately tracking unit and System-wide sales, sales increases or decreases, effectiveness of advertising and promotions, and for other reasonable business purposes. Such review will take place at the Franchised Business or Franchisee's head office (if different), or both, and Franchisee agrees to provide all information pertaining to the Franchised Business requested by Franchisor during its review. If the review is done because of a failure by Franchisee to furnish reports, supporting records or other required information or to furnish the reports and information on a timely basis, Franchisee shall reimburse Franchisor for all costs of the audit or review including, without limitation, travel, lodging, wage expense and reasonable accounting and legal expense. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement or applicable law.

10.3. **Management and Technology System.** Franchisee must obtain, maintain, and use the hardware, software, other equipment, and network connections that Franchisor may specify periodically in the Manuals necessary to operate the customer relationship management system and other technology systems that Franchisor designates (collectively, the "Management and Technology System"). Franchisee must use the Management and Technology System to (i) enter and track purchase orders and receipts, attendance, and customer information, (ii) update inventory, (iii) enter and manage Franchisees customers' contact information, (iv) generate sales reports and analysis relating to the Franchised Business, and (iv) provide other services relating to the operation of the Franchised Business. If Franchisor requires Franchisee to use any proprietary software or to purchase any software from a designated vendor, Franchisee must execute and pay any fees associated with any software license agreements or any related software maintenance agreements that Franchisor or the licensor of the software require. Franchisee must replace, upgrade, or update at Franchisees expense the Management and Technology System as Franchisor may require periodically without limitation. Franchisor will establish reasonable deadlines for implementation of any changes to Franchisors then current requirements.

Specifications for the brand, operating capabilities, and functionality of the hardware components will be set forth in the Manuals and are subject to change. At a minimum, the components of the Management and Technology System must be connected to the internet via a high-speed internet connection and must be able to run the designated software programs and general business software such as email, word processing, and similar programs. Upon expiration or termination of this Agreement, Franchisee shall have no further access or rights to the member information and Franchisor shall be the sole owner of such information.

10.4. **Insurance.** Franchisee agrees to secure and maintain during the Term, at its own cost, an insurance policy or policies protecting Franchisee and Franchisor and its affiliates against any demand or claim with respect to personal injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the Business, including, but not limited to, comprehensive general liability insurance, property and casualty insurance, statutory workers' compensation insurance, and umbrella liability insurance. In connection with this obligation, Franchisee agrees that:

A. Such policy or policies shall reflect industry standards, shall be written by a responsible carrier or carriers acceptable to Franchisor, shall name Franchisor and its affiliates as additional insureds (with the exception of any employer's liability or workers' compensation insurance), and shall provide at least the types and minimum amounts of coverage as are specified in the Manuals as modified by Franchisor from time to time. Franchisee understands and acknowledges that the amounts of coverage required by Franchisor are minimum amounts and do not represent a recommendation by Franchisor as to an appropriate amount of insurance coverage Franchisee should maintain for the Business. Franchisee further understands and acknowledges that it is Franchisee's sole responsibility to determine the proper insurance coverage that is appropriate to protect Franchisee's interests and that Franchisee should seek the consultation and advice of an independent insurance broker to assist Franchisee in making an informed determination.

B. Prior to the opening of the Franchised Business and, thereafter, at least 30 days prior to the expiration of any such policy or policies, Franchisee shall deliver to Franchisor certificates of insurance evidencing the proper coverage with limits not less than those required hereunder, and all such certificates shall expressly contain endorsements requiring the insurance company to give Franchisor at least 30 days written notice in the event of material alteration to termination, non-renewal, or cancellation of, the coverages evidenced by such certificates and notice of any claim filed under such policy within 30 days after the filing of such claim.

C. If Franchisee at any time fails or refuses to maintain any insurance coverage required by Franchisor or to furnish satisfactory evidence thereof, Franchisor, at its option and in addition to its other rights and remedies hereunder, may, but need not, obtain such insurance coverage on behalf of Franchisee, and Franchisee shall pay to Franchisor on demand all costs incurred by Franchisor in connection with the placement of such insurance.

D. Franchisee's obligation to obtain and maintain, or cause to be obtained and maintained, the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 11.2 hereof. Notwithstanding the existence of such insurance, Franchisee, as agreed above, is and shall be responsible for all loss or damage and contractual liability to third persons originating from or in connection with the operation of the Franchised Business and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom.

E. Franchisee shall not permit any third-party sub-contractor to perform any work or offer any services on behalf of Franchisee in respect of the Franchised Business unless such sub-contractor maintains insurance coverage in such amounts and types as Franchisee is required to maintain under the provisions of this Section, and such insurance names Franchisor as an additional insured. Franchisee shall maintain evidence of such insurance by its subcontractors and provide such proof of insurance to Franchisor prior to the start of any on-site work at the Franchised Business.

## 11. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

11.1. **Independent Contractor**. The only relationship between Franchisor and Franchisee created by this Agreement is that of independent contractor. The Franchised Business conducted by Franchisee is completely separate and apart from any business that may be operated by Franchisor and nothing in this Agreement shall create a fiduciary relationship between them or constitute either party as agent, legal representative, subsidiary, joint venturer, partner, employee, servant or fiduciary of the other party for any purpose whatsoever. Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a license from Franchisor, and Franchisee agrees to take such action including exhibiting a notice to that effect in such content, form and place as Franchisor may specify. It is further specifically agreed that Franchisee is not an affiliate of Franchisor and that neither party shall have authority to act for the other in any manner to create any obligations or indebtedness that would be binding upon the other party. Neither party shall be in any way responsible for any acts and/or omissions of the other, its agents, servants or employees and no representation to anyone will be made by either party that would create an implied or apparent agency or other similar relationship by and between the parties.

11.2. **Indemnification**. Franchisee, as a material part of the consideration to be rendered to Franchisor, agrees to indemnify, defend and hold Franchisor, as well as Franchisor's directors, officers, principals/owners, managers, shareholders, affiliates, subsidiaries, employees, servants, agents, successors and assignees (collectively, the "Indemnitees"), harmless from and against any and all losses, damage, claims, demands, liabilities and causes of actions of every kind or character and nature, as well as costs and expenses incident thereto (including reasonable attorneys' fees and court costs), that are brought against any of the Indemnitees (collectively, the "Claims") that arise out of or are otherwise related to Franchisee's (a) breach or attempted breach of, or misrepresentation under, this Agreement or in connection with the offer/sale of the Franchised Business prior to the execution of this Agreement, (b) ownership, construction, development, management, or operation of the Franchised Business in any manner; and/or (c) gross negligence or intentional misconduct. Notwithstanding the foregoing, at Franchisor's option, Franchisor may choose to engage counsel and defend against any such Claim and may require immediate reimbursement from the Franchisee of all expenses and fees incurred in connection with such defense.

## 12. CONFIDENTIAL INFORMATION

12.1. **Franchisor's Confidential Information**.

A. Franchisee acknowledges and agrees that all information relating to the System and to the development and operation of the Franchised Business, including, without limitation, the Manual, Franchisor's training program, members and supplier lists, or other information or know-how distinctive to a Hydrogen Fitness Franchise (all of the preceding information is referred to herein as the "Confidential Information") are considered to be proprietary and trade secrets of Franchisor. Franchisee agrees that all Confidential Information is to be held in the strictest of confidence during and after the Term and is not to be divulged to anyone directly or indirectly at any time, except to Franchisee's Franchised Business employees, including any independent contractors, with a need to know the information in order to operate the Franchised Business. Upon Franchisor's request, Franchisee shall require the Franchised Business's employees and any independent contractors to execute a nondisclosure and non-competition agreement in a form satisfactory to Franchisor. Franchisee shall not acquire any interest in the Confidential Information other than the right to utilize it in the Franchised Business and agrees not to copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, nor otherwise make them available to any unauthorized person, nor use them in any other business or in any manner not specifically authorized or approved in writing by Franchisor. Franchisee shall adopt and implement all reasonable procedures to prevent unauthorized use, duplication or disclosure of Franchisor's Confidential Information. If Franchisee or Franchisee's employees or any independent contractors learn about an unauthorized use of any trade secret or confidential materials, Franchisee must promptly notify Franchisor. Franchisor is not obligated to take any action, but will respond to the information as it deems appropriate. If Franchisee at any time conducts, owns, consults with, is employed by or otherwise assists a similar or competitive business to that franchised hereunder, the doctrine of "inevitable disclosure" will apply, and it will be presumed that Franchisee is in violation of this covenant; and in such case, it shall be Franchisee's burden to prove that Franchisee is not in violation of this covenant.

B. Franchisee agrees that any new concept, process or improvement in the operation or promotion of the Franchised Business developed by or on behalf of Franchisee that relates to or enhances the System, or any aspect of Franchisor's business, shall be the sole property of Franchisor, and Franchisee shall promptly notify Franchisor and shall provide Franchisor with all necessary information and execute all necessary documents to memorialize said ownership, or, if necessary, Franchisee's assignment of such ownership to Franchisor, without compensation. Franchisee acknowledges that Franchisor may utilize or disclose such information to other Franchisees.

12.2. **No Other Interests.** Franchisee further acknowledges that Franchisor would be unable to protect its Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Hydrogen Fitness franchisees if its franchisees were permitted to hold an interest in other fitness businesses and otherwise to compete with Franchisor. Therefore, during the Term, Franchisee must comply with the competitive covenant provisions of Article 13 herein.

12.3. **Injunctive Relief.** Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising out of this Agreement, shall not constitute a defense to the enforcement of this Article 12. Franchisee acknowledges and agrees that any failure to comply with the requirements of this Article 12 will cause Franchisor irreparable injury for which no adequate remedy at law is available, and Franchisee accordingly agrees that Franchisor shall be entitled to injunctive relief as specified in Section 16.2 herein to enforce the terms of this Article 12. Franchisee shall pay all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Franchisor in connection with the enforcement of this Article 12. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement or applicable law.

## 13. COVENANTS NOT TO COMPETE

13.1. **Non-Competition Covenants of Franchisee.**

A. *During the Term of this Agreement*. Neither Franchisee, its principals, owners, or guarantors, nor any immediate family of Franchisee, its principals, owners, or guarantors ("Restricted Parties"), may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation own, maintain, engage in, be employed or serve as an officer, director, or principal of, lend money or extend credit to, lease/sublease space to, or have any interest in or involvement with any (a) fitness industry (b) any fitness facility marketing or consulting business, (c) any business offering Approved Services of a similar nature to those of the Franchised Business, or (d) in any business or entity which franchises, licenses or otherwise grants to others the right to operate such aforementioned businesses described in subparts (a)-(c) of this Section (each, a "Competing Business"). Furthermore, the Restricted Parties shall not divert, or attempt to divert, any prospective customer to a Competing Business in any manner.

B. *After the Term of this Agreement*.

(1) Prohibition on Franchising. For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its principals, owners and guarantors, nor any member of the immediate family of Franchisee, its principals, owners or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation, be involved with any business that competes in whole or in part with Franchisor by offering or granting licenses or franchises, or establishing joint ventures, for the ownership or operation of a Competing Business. The geographic scope of the covenant contained in this Section is any location where Franchisor can demonstrate it has offered or sold franchises as of the date this Agreement is terminated or expires.

(2) Prohibition on Competing Businesses. For two (2) years after the expiration, termination or non-renewal (by Franchisor or by Franchisee for any reason) of this Agreement or after Franchisee has assigned its interest in this Agreement, the Restricted Parties shall not own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to, lease/sublease space to, or have any interest in or involvement with, any other Competing Business: (i) at the Approved Location; or (ii) within a twenty five (25) mile radius of (a) the Approved Location, or (b) any other Franchised Business or corporate location that is open, under lease or otherwise under development as of the date this Agreement expires or is terminated.

13.2. **Non-Solicitation Covenants.**

A. *During the Term of this Agreement*. Franchisee agrees not to (a) divert or seek to divert customers from another Franchised Business or System franchisee, or (b) employ or seek to employ any person employed by Franchisor or by any other franchisee of Franchisor, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment during the Term, without first obtaining the consent of Franchisor or any other franchisee of Franchisor. Franchisee acknowledges that Franchisor has the right to offer to sell or to sell a Hydrogen Fitness franchise to any employee of Franchisee.

B. *After the Term of this Agreement*. For two (2) years after the expiration, termination or non-renewal (by Franchisor or by Franchisee for any reason) of this Agreement or after Franchisee has assigned its interest in this Agreement, the Restricted Parties shall not: (i) solicit business from customers of Franchisee's former Franchised Business; (ii) contact any of Franchisor's suppliers or vendors for any competitive business purpose; or (iii) solicit any of Franchisor's other employees, or the employees of Franchisor's affiliates or any other System franchisee, to discontinue employment.

13.3. **Enforcement of Covenants.**

A. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising out of this Agreement, shall not constitute a defense to the enforcement of the covenants in this Article 13. Franchisee acknowledges and agrees that in view of the nature of the System and the business of Franchisor, the restrictions contained in this Article 13 are reasonable and necessary to protect the legitimate interests of the System and Franchisor. Franchisee further acknowledges and agrees that Franchisee's violation of the terms of this Article 13 will cause irreparable injury to Franchisor for which no adequate remedy at law is available, and Franchisee accordingly agrees that Franchisor shall be entitled to preliminary and permanent injunctive relief and damages, as well as, an equitable accounting of all earnings, profits, and other benefits arising from such violation, which remedies shall be cumulative and in addition to any other rights or remedies to which Franchisor shall be entitled. Franchisee agrees to waive any bond that may be required or imposed in connection with the issuance of any preliminary or provisional relief. Franchisee shall pay all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Franchisor in connection with the enforcement of this Article 13. If Franchisee violates any restriction contained in this Article 13, and it is necessary for Franchisor to seek equitable relief, the restrictions contained herein shall remain in effect until two (2) years after such relief is granted. If Franchisee contests the enforcement of Article 13 and enforcement is delayed pending litigation, and if Franchisor prevails, the period of non-competition shall be extended for an additional period equal to the period of time that enforcement of this Article 13 is delayed.

B. Franchisee agrees that the provisions of this covenant not to compete are reasonable. If, however, any court should find this Article 13 or any portion of this Article 13 to be unenforceable and/or unreasonable, the court is authorized and directed to reduce the scope or duration (or both) of the provision(s) in issue to the extent necessary to render it enforceable and/or reasonable and to enforce the provision so revised.

C. Franchisor shall have the right, in Franchisor's discretion, to reduce the scope of any covenant not to compete set forth in this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee shall comply with any covenant as so modified.

## 14. TRANSFER OF INTEREST

14.1. **Franchisor's Approval Required.** All rights and interests of Franchisee arising from this Agreement are personal to Franchisee and except as otherwise provided in this Article 14, Franchisee shall not, without Franchisor's prior written consent, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, pledge or encumber its interest in this Agreement, in the license granted hereby, in the assets of the Franchised Business, any of its rights hereunder, or in the lease for the premises at which the Franchised Business is located, and any purported sale, assignment, transfer, pledge or encumbrances shall be null and void. If Franchisee is a corporation, limited liability, partnership, or an individual or group of individuals, any assignment (or new issuance), directly or indirectly, occurring as a result of a single transaction or a series of transactions that alters the Percentage of Ownership Interest reflected in Section 17.3 of this Agreement must promptly be reported to Franchisor and is a "transfer" within the meaning of this Article 14.

14.2. **Conditions for Approval of Transfer.** Franchisor shall not unreasonably withhold its approval of a proposed transfer, provided that the prospective transferee, in Franchisor's reasonable judgment, is of good moral character and reputation, has no conflicting interests, has a good credit rating and sufficient and competent business experience, aptitude and financial resources acceptable to Franchisor's then-current standards for franchisees; and that the following conditions are met: (1) Franchisee pays Franchisor a transfer fee in an amount equal to $10,000 which includes a $2,500 non-refundable deposit; (2) Franchisee signs a prescribed form of general release in favor of Franchisor and related parties; (3) the Franchised Business and equipment must be upgraded, refurbished or repaired if Franchisor, in its sole discretion, decides it is necessary; and (4) the transferee (a) completes (or has its Operating Principal complete) the initial training program.

14.3. **Permitted Transfers to a Corporation or LLC or Affiliate Company**. If Franchisee is an individual or partnership, and desires to assign and transfer its rights, assets and obligations under this Agreement to a corporation or limited liability company that is wholly-owned by Franchisee and formed for the convenience of ownership, it may do so without approval from Franchisor, and without payment of a transfer fee, so long as the terms and conditions of this Agreement remain unchanged, and the Franchisee shall own and control all of the equity and voting power of all issued and outstanding stock of the transferee corporation or all of the equity and voting power of the limited liability company and, if Franchisee is more than one individual, each individual shall have the same proportionate ownership interest in the corporation or limited liability company as he or she had in Franchisee prior to the transfer.

14.4. **Death or Disability of Franchisee**. In the event of the death or disability of Franchisee, if an individual, or of a stockholder of a corporate Franchisee, or of a partner of a Franchisee which is a partnership, or a member of a Franchisee which is a limited liability company, the transfer of Franchisee's or the deceased stockholder's, partner's or member's interest in this Agreement to his or her heirs, trust, personal representative or conservators, as applicable, must occur within six (6) months of the death or disability, but, shall not be deemed a transfer by Franchisee (provided that the responsible management employees or agents of Franchisee have been satisfactorily completed the initial training program) nor obligate Franchisee to pay any transfer fee. If Franchisor determines (i) there is no imminent transfer to a qualified successor or (ii) there is no heir or other principal person capable of operating the Franchised Business, Franchisor shall have the right, but not the obligation, to immediately appoint a manager and commence operating the Franchised Business on behalf of Franchisee. Franchisee shall be obligated to, and shall pay to Franchisor all reasonable costs and expenses for such management assistance, including without limitation, the manager's salary, room and board, travel expenses and all other related expenses of the Franchisor appointed manager. Operation of the Franchised Business during any such period shall be for and on behalf of Franchisee, provided that Franchisor shall only have a duty to utilize reasonable efforts and shall not be liable to Franchisee or its owners for any debts, loses or obligations incurred by the Franchised Business, or to any creditor of Franchisee for any supplies, inventory, equipment, furniture, fixtures or services purchased by the Franchised Business during any period in which it is managed by a

Franchisor appointed manager. Franchisor may, in its sole discretion, extend the six (6) month period of time for completing a transfer contemplated by this Section.

14.5. **Relocation**. Except in cases when Franchisee is in default of its lease, Franchisee may identify a new Approved Location within the same Site Selection Area in which the Franchised Business was located, subject to the written consent and approval of Franchisor.

14.6. **Transfer by Franchisor**. Franchisor shall have the right to transfer or assign all or any part of its rights or obligations herein to any person or legal entity, directly or indirectly, by merger, assignment, pledge or other means.

## 15. DEFAULT AND TERMINATION OF AGREEMENT

15.1. **Termination of Franchise by Franchisor**. Franchisor shall have the right to terminate this Agreement for "good cause" upon delivering notice of termination to Franchisee. For purposes of this Agreement, "good cause" shall include, without limitation: (i) a material breach of this Agreement or any other agreement between Franchisee and Franchisor or any of Franchisor's affiliates, (ii) intentional, repeated or continuous breach of any provision of this Agreement or any other agreement between Franchisee and Franchisor or any of Franchisor's affiliates, and (iii) the breaches (and, if applicable, failure to cure such breaches) described below in this Section 15.

A. **Immediate Termination**. Franchisee shall be deemed to be in default and Franchisor may terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisee, and such termination shall be for good cause where the grounds for termination are:

1. Franchisee has made any material misrepresentation or omission in applying for the franchise or in executing or performing under this Agreement or any other agreement between Franchisee and Franchisor or any of Franchisor's affiliates;

2. Franchisee becomes insolvent by reason of Franchisee's inability to pay debts as they become due, or makes an assignment for the benefit of creditors or makes an admission of Franchisee's inability to pay obligations as they become due;

3. Franchisee files a petition in bankruptcy, or an involuntary petition in bankruptcy is filed against Franchisee or a receiver is appointed for Franchisee's business, or a final judgment remains unsatisfied or of record for 30 days or longer; or if Franchisee is a corporation, limited liability company or partnership, Franchisee is dissolved;

4. Franchisee voluntarily or otherwise abandons the Franchised Business. For purposes of this Agreement, the term "abandon" means: (i) failure to actively operate the Franchised Business for more than two (2) business days without Franchisor's prior written consent; or (ii) any other conduct on the part of Franchisee or its principals that Franchisor determines indicates a desire or intent to discontinue operating the Franchised Business in accordance with this Agreement or the Manual;

5. Franchisee or any of its principal officers, directors, partners or managing members is convicted of or pleads no contest to a felony or other crime or offense that adversely affect the reputation of the System or the goodwill associated with the Marks;

6. Franchisee makes an unauthorized direct or indirect transfer or attempted or purported transfer of this Agreement, or makes an unauthorized direct or indirect transfer or attempted or purported transfer of an ownership interest in the Franchise, or fails or refuses to transfer the Franchise or the interest in the Franchise of a deceased or disabled controlling owner thereof as required;

7. Franchisee falsifies any financial reports or records required to be provided by Franchisee to Franchisor under this Agreement;

8. Franchisee's: (i) disclosure, utilization, or duplication of any portion of the System, the Manual or other proprietary or Confidential Information relating to the Franchised Business that is contrary to the provisions of this Agreement; or (ii) material misuse of the Marks in any manner not expressly authorized by Franchisor;

9. Franchisee violates any health or safety law, ordinance or regulation or operates the Franchised Business in a manner that presents a health or safety hazard to its members or to the public;

10. Franchisee fails to obtain lawful possession of an Approved Location within six (6) months and/or open the Franchised Business within twelve (12) months after this Agreement is accepted by Franchisor, unless Franchisor agrees otherwise in writing;

11. Franchisee defaults under the lease agreement or otherwise loses the right to possess the premises at the location at which the Franchised Business is located;

12. Franchisee fails to comply with the covenants not to compete as required in Article 13 herein; or

13. Franchisee permits the offer or sale of products and services other than the Approved Services at the Franchised Business in violation of the terms of this Agreement on two (2) or more occasions in any 24-month period, regardless of whether Franchisee subsequently cured the prior default(s); or

14. Franchisee, after curing a default pursuant to Section 15.1B herein, commits the same act of default again within any twelve (12) consecutive month period whether or not such default is cured after notice thereof is delivered to Franchisee, or if Franchisee received three (3) or more default notices from Franchisor within any twelve (12) consecutive monthly period whether or not such defaults were related to the same problem or were cured after notice thereof was delivered to Franchisee.

B. **Termination with Notice**. In addition to the provisions of Section 15.1A, if Franchisee shall be in default under the terms of this Agreement and the default shall not be cured or remedied (to Franchisor's satisfaction) within thirty (30) days after receipt of written notice from Franchisor (or 10 days' prior notice in the event of a default that is described in Subsections (6), (7) or (8) below), in addition to all other remedies available to Franchisor at law or in equity, Franchisor may immediately terminate this Agreement. If any such default is not cured within the specified cure period, this Agreement shall terminate without further notice to Franchisee effective immediately upon expiration of the cure period. Franchisee shall be in default, and each of the following shall constitute good cause for termination under this Agreement:

1. Failure, refusal or neglect by Franchisee to obtain Franchisor's prior written approval or consent any time such approval or consent is required by this Agreement;

2. Franchisee's failure to comply with any provision of this Agreement that does not otherwise provide for immediate termination, or Franchisee's bad faith in carrying out the terms of this Agreement;

3. Failure by Franchisee to maintain books and financial records for the Franchised Business suitable for proper financial audit or failure by Franchisee to permit Franchisor to carry out its rights to conduct an inspection or audit as provided in this Agreement or failure by Franchisee to submit as required by this Agreement all reports, records and information of the Franchised Business;

4. Franchisee, or if Franchisee has elected not to directly supervise "on-premises" the day-to-day Franchised Business operations, then Franchisee's Key Manager, fails to complete, to Franchisor's satisfaction, the initial training program as provided in this Agreement;

5. Franchisee fails to pay when due any amount owing to Franchisor or its affiliates under this Agreement or any other agreement, or is unable to obtain adequate financing to cover all costs of developing, opening and operating the Franchised Business;

6. Franchisee fails to pay when due any amounts owing to any person or entity in connection with the construction, leasing, financing, operation or supply of the Franchised Business;

7. Franchisee closes any bank account without completing all of the following after such closing: (i) immediately notifying Franchisor in writing, (ii) immediately establishing another bank account, and (iii) executing and delivering to Franchisor all documents necessary for Franchisor to begin and continue making withdrawals from such bank account by Electronic Funds Transfer as this Agreement permits;

8. Franchisee fails to maintain or suffers cancellation of any insurance coverage required under this Agreement;

9. Any transfer or attempted transfer by Franchisee or any partner, member or shareholder in Franchisee of any rights or obligations under this Agreement to any third party without the prior written consent of Franchisor;

10. Franchisee offers in conjunction with the operation of the Franchised Business products or services that have not been approved by Franchisor;

11. Franchisee fails to abide by the pertinent marketing and advertising requirements and procedures and participate in marketing programs for the business as established by Franchisor; or

15.2. **Cross-Default.** If there are now, or hereafter shall be, other franchise agreements or any other agreements in effect between Franchisee and Franchisor and/or any of Franchisor's affiliates, a default by Franchisee under the terms and conditions of this or any other such agreement, shall at the option of Franchisor, constitute a default under all such agreements.

15.3. **Obligations of Franchisee upon Termination, Expiration or Non-Renewal.** Immediately upon termination, expiration or non-renewal of this Agreement for any reason:

A. All rights, privileges and licenses granted by Franchisor to Franchisee shall immediately cease and be null and void and of no further force and effect, and all such rights, privileges and licenses shall immediately revert to Franchisor;

B. Franchisee shall cease to be an authorized franchise owner hereunder, and shall immediately, at its own expense, remove all signs, obliterate or remove all letterheads, labels or any other item or form of identification that would in any way link or associate Franchisee, its goods and/or services with Franchisor, and shall immediately cease to use, in any manner, the Marks, System and any other copyrighted information or materials or any confidential information Franchisee obtained as a result of the franchise granted to Franchisee;

C. Franchisee shall immediately terminate all advertising and promotional efforts and any other act that would in any way indicate that Franchisee is or was ever an authorized Hydrogen Fitness franchisee;

D. Franchisee shall cancel any assumed name of Franchisee or equivalent registration that contains any Proprietary Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination, expiration or non-renewal of this Agreement;

E. Franchisee agrees not to use any reproduction, counterfeit, copy, or colorable imitation of the Marks that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in and to the Marks, and further agrees not to use any trade dress or designation of origin or description or representation that falsely suggests or represents an association or connection with Franchisor;

F. Franchisee shall pay all sums owing to Franchisor and its approved suppliers for outstanding amounts owed under the Franchise Agreement and otherwise in connection with the Franchised Business. In the event of termination for any default of Franchisee, such sums shall include all damages, costs and expenses, including reasonable legal fees, incurred by Franchisor as a result of the default;

G. Franchisee shall comply with the covenants set forth in Articles 12 and 13 of this Agreement; and

H. Franchisee shall, at Franchisor's option, assign to Franchisor any interest that Franchisee has in any lease for the premises of the Franchised Business;

I. Franchisor shall have the option**,** exercisable by giving written notice thereof within thirty (30) days from the date of such termination, expiration or non-renewal to purchase any and all equipment, furniture, fixtures, signs, and supplies owned by Franchisee and used in the Franchised Business, at the lesser of (i) Franchisee's cost less depreciation computed on a reasonable straight line basis (as determined in accordance with generally accepted accounting principles and consistent with industry standards and customs) or (ii) fair market value of such assets, less(in either case) any outstanding liabilities of the Franchised Business. In addition, Franchisor shall have the option to assume Franchisee's lease for the lease location of the Franchised Business, or if an assignment is prohibited, a sublease for the full remaining term on the same terms and conditions as Franchisee's lease. No value will be attributed to the value of the Marks or the System or to the assignment of the lease (or sublease) for the premises or the assignment of any other assets used in conjunction with the Franchised Business, and Franchisor will not be required to pay any separate consideration for any such assignment or sublease. If the parties cannot agree on fair market value within thirty (30) days of Franchisor's notice of intent to purchase, fair market value shall be determined by an experienced, professional and impartial third party appraiser without regard to goodwill or going concern value, designated by Franchisor and acceptable to Franchisee, whose determination shall be final and binding on both parties. The cost of such appraisal shall be borne equally by Franchisor and Franchisee. If the parties cannot agree upon an appraiser one shall be appointed by the American Arbitration Association, upon petition of either party. Franchisor shall have the right to withhold from the purchase price funds sufficient to pay all outstanding debts and liabilities of Franchisee and the Franchised Business and to pay such debts and liabilities from such funds.

J. Termination, expiration or non-renewal of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies, which Franchisor may have against Franchisee, whether under this Agreement or otherwise, for any reason whatsoever, whether such claims or rights arise before or after termination.

15.4. **Franchisor's Rights and Remedies in Addition to Termination.**

A. If Franchisee shall be in default in the performance of any of its obligations or breach any term or condition of this Agreement, in addition to Franchisor's right to terminate this Agreement, and without limiting any other rights or remedies to which Franchisor may be entitled at law or in equity, Franchisor may, at its election, immediately or at any time thereafter, and without notice to Franchisee cure such default for the account of and on behalf f Franchisee including, without limitation, entering upon and taking possession of the Franchised Business and to taking in the name of Franchisee, all other actions necessary to effect the provisions of this Agreement and any such entry or other action shall not be deemed a trespass or other illegal act, and Franchisor shall not be liable in any manner to Franchisee for so doing, and Franchisee shall pay the entire cost thereof to Franchisor on demand, including reasonable compensation to Franchisor for the management of the Franchised Business.

B. As an alternative to Franchisor's exercising its rights under Section 15.5A, above, and only in the event of a premature termination of this Agreement, Franchisee shall pay Franchisor liquidated damages in an amount equal to the sum of the royalties paid to Franchisor for the twenty four (24) months prior to the termination of this Agreement; provided, however exercise of this right shall not preclude Franchisor's right to seek injunctive relief as outlined in Section 16.5. Franchisee's payment to Franchisor would not be a penalty for breaching this Franchise Agreement, but rather a reasonable estimate of the losses Franchisor would incur in the event of the closure of Franchisee's franchised business. Should Franchisor elect to enforce its right to liquidated damages under this Section, Franchisee's obligation to pay such damages would be in addition to Franchisee's obligations to (i) pay all amounts still owed to Franchisor, and (ii) adhere to Franchisee's other post-termination obligations. Franchisor's right to payment of liquidated damages would be in addition to all other post-termination remedies available to Franchisor under the law.

## 16. RESOLUTION OF DISPUTES

16.1. **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut, without reference to this state's conflict of laws principles. Notwithstanding the foregoing, the parties specifically agree and acknowledge that all claims, causes of actions or disputes related to Franchisee's covenants not to compete set forth in Section 13 of this Agreement, including the interpretation, validity and enforcement thereof, shall be governed by the laws of the state where the Franchised Business is located.

16.2. **Internal Dispute Resolution**. Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's management and make every effort to resolve the dispute internally. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

16.3. **Mediation**. At Franchisor's option, all claims or disputes between Franchisee and Franchisor (or its affiliates) arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor (or its affiliates), or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 16.1 above, will be submitted first to mediation to take place at Franchisor's then-current corporate headquarters under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and Franchisor and Franchisee will share mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (a) any federally protected intellectual property rights in the Marks, the System, or in any Confidential Information or other confidential information; (b) any of the restrictive covenants contained in this Agreement; and (c) any of Franchisee's payment obligations under this Agreement.

16.4. **Mandatory Binding Arbitration**. Except as provided in Section 16.5 of this Agreement, Franchisee and Franchisor agree that any claim, dispute, suit, action, controversy, or proceeding of any type whatsoever including any claim for equitable relief and/or where either party is acting as a "private attorney general," suing pursuant to a statutory claim or otherwise, between or involving Franchisee and Franchisor on whatever theory and/or facts based and whether or not arising out of this Agreement (each, a "Claim") will be processed in the following manner:

A. Franchisee and Franchisor each expressly waives all rights to any court proceeding, except as expressly provided in Section 16.5 below;

B. All Claims shall be submitted to and resolved by binding arbitration that will take place at Franchisor's headquarters or other location that Franchisor designates in Fairfield County, Connecticut, before and in accordance with the arbitration rules of the American Arbitration Association. Judgment upon the award rendered by the arbitrator shall be entered in any Court having jurisdiction thereof.

C. Franchisor and Franchisee agree that any arbitration between Franchisor and Franchisee shall be of Franchisee's individual claim and that the claim subject to arbitration shall not be arbitrated on a class-wide basis.

D. This arbitration provision shall be deemed to be self-executing, and in the event either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party notwithstanding said failure to appear.

E. In no event shall Franchisor be liable to Franchisee for punitive damages in any action arising out of or relating to this Agreement, or any breach, termination or cancellation hereof.

F. Any arbitration proceeding involving this Agreement or the Franchised Business generally, including all demands, other filings and evidence submitted in connection with such proceeding, must be kept strictly confidential by Franchisee and its representatives, unless Franchisor agrees otherwise in writing.

16.5. **Right to Injunctive Relief**. Franchisee acknowledges and agrees that irreparable harm could be caused to Franchisor by Franchisee's violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, Franchisor shall be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Franchisee's use of the Marks and Confidential Information (including any proprietary software used in connection with the Franchised Business); (ii) the in-term covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement; (iii) Franchisee's obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Marks, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor's rights with respect to confidentiality under this Agreement; and (vi) the prohibition of any act or omission by Franchisee or its employees that constitutes a violation of applicable law, threatens Franchisor's franchise system or threatens other franchisees of Franchisor. Franchisee's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Franchisee waives all damage claims if the injunction is wrongfully issued.

16.6. **Choice of Forum.**

A. Franchisee acknowledges and agrees that this Agreement is entered into in Connecticut and that, subject to the requirements of Sections 16.4 and Section 16.5 above, any action brought by either party against the other for the purpose of enforcing the terms and provisions of this Agreement (provided such action is not subject to the arbitration proceeding pursuant to the terms of this Agreement or applicable law) shall be instituted solely in a state or federal court having subject matter jurisdiction thereof only in Connecticut in the judicial district in which Franchisor has its principal place of business and in no other court and that Franchisee irrevocably waives any objection Franchisee may have to the exclusive jurisdiction or the exclusive venue of such court.

B. If Franchisee institutes any arbitration or other legal proceedings in any venue or other court other than those specified, Franchisee shall assume all of Franchisor's costs in connection therewith, including, without limitation, reasonable attorney fees regardless of the outcome of such arbitration or legal proceedings.

C. Franchisee acknowledges that Franchisor may bring an action in any other court of competent jurisdiction to seek and obtain injunctive relief as set forth in Section 16.5 above, including to enforce Franchisee's non-compete obligations hereunder.

16.7. **Waiver of Punitive Damages**. Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the term of this Agreement if it is terminated due to Franchisee's default, which the parties agree and acknowledge Franchisor may claim under this Agreement.

16.8. **WAIVER OF JURY TRIAL**. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.

16.9. **WAIVER OF CLASS ACTIONS**. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

16.10. **Attorneys' Fees and Costs.**

A. If legal action or arbitration is necessary to enforce the terms and conditions of this Agreement, the prevailing party shall be entitled to recover reasonable compensation for preparation, investigation, court costs, arbitration costs (if applicable) and reasonable attorneys' fees, from the non-prevailing party as fixed by an arbitrator or court of competent jurisdiction.

B. Separate and distinct from the right of a prevailing party to recover expenses, costs and fees in connection with any legal proceeding or arbitration, the prevailing party shall also be entitled to receive all expenses, costs and reasonable attorneys' fees incurred in connection with the enforcement of any arbitration award or judgment entered. Furthermore, the right to recover post-arbitration award and post-judgment expenses, costs and attorneys' fees shall be severable and shall survive any award or judgment and shall not be deemed merged into such judgment.

16.11. **No Withholding of Payments**. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

16.12. **Limitation of Actions**. Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after (a) the act, transaction or occurrence upon which such action is based, or (b) Franchisee becomes aware, or should have become aware after reasonable investigation, of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner. Any claim, action or other proceeding not brought against Franchisor or its affiliates within this period shall be barred as a claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

16.13. **Third Party Beneficiaries**. Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in this Section 21, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.

## 17. MISCELLANEOUS PROVISIONS

17.1. **Severability**. Each article, section, paragraph, term and provision of this Agreement, or any portion thereof, shall be considered severable and if, for any reason, any such portion of this Agreement is held by an arbitrator or by a court of competent jurisdiction to be unenforceable due to any applicable existing or future law or regulation, such portion shall not impair the operation of or have any effect upon, the remaining portions of this Agreement which will remain in full force and effect. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but, each shall be cumulative of every other right or remedy.

17.2. **Waiver and Delay**. No failure, refusal or neglect of Franchisor to exercise any right, power, remedy or option reserved to it under this Agreement, or to insist upon strict compliance by Franchisee with any obligation, condition, specification, standard or operating procedure in this Agreement, shall constitute a waiver of any provision of this Agreement and the right of Franchisor to demand exact compliance with this Agreement, or to declare any subsequent breach or default or nullify the effectiveness of any provision of this Agreement. Subsequent acceptance by Franchisor of any payment(s) due it under this Agreement shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

17.3. **Designation of Responsible Parties**. Franchisee represents and warrants to Franchisor that the list below states: (i) the name, mailing address and equity interest of each person holding any shares or other form of ownership, or security interest convertible into an equity interest, in Franchisee, showing percentage of ownership held by each and (ii) the name and mailing address of the individual(s) who will be the Operating Principal(s) of the Franchised Business. Each Operating Principal named below has the authority to act for Franchisee in all matters relating to the Franchised Business granted hereunder, including voting responsibilities. Only those individuals who are party to this Agreement and have an ownership interest in the franchise entity may be listed as an Operating Principal. Franchisee shall promptly notify Franchisor of any change in any such information. Any change in the Operating Principal(s), or in ownership information of Franchisee, is subject to Article 14 and the training requirements of this Agreement:

Franchisee is a £ _____, organized under the laws of _____, or £ Franchisee is an individual or group of individuals, and hereby represents and warrants that the information stated below is true and accurate as of the date set forth below:

| **Shareholder, Partner, Member or Individual Name and Address** | **Percentage of Ownership Interest** |
|---|---|
| _____ | _____ |
| _____ | _____ |

**Operating Principal (may also be referred to as the "Designated Operator" in the FDD):**

_____

17.4. **Franchisor's Discretion**. Except as otherwise specifically referenced herein, all acts, decisions, determinations, specifications, prescriptions, authorizations, approvals, consents and similar acts by Franchisor may be taken or exercised in the sole and absolute discretion of Franchisor, regardless of the impact upon Franchisee. Franchisee acknowledges and agrees that when Franchisor exercises its discretion or judgment, its decisions may be for the benefit of Franchisor or the Hydrogen Fitness franchise network and may not be in the best interest of Franchisee as an individual franchise owner.

17.5. **Notices**.

A. All notices which the parties hereto may be required or permitted to give under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, postage paid, or by reliable overnight delivery service, addressed as follows:

**If to Franchisor:**

Hydrogen Franchising, LLC
67 Burnside Ave
East Hartford, CT, 06108
Attention: Jonathan Gutwein

**If to Franchisee:**

_____
_____
_____

B. The addressees herein given for notices may be changed at any time by either party by written notice given to the other party as herein provided. Notices delivered by certified or registered mail shall be deemed to have been given three (3) business days after postmark by United States Postal Service, or the next business day after deposit with reliable overnight delivery service or when delivered by hand.

17.6. **No Recourse Against Nonparty Affiliates.** All claims, obligations, liabilities, or causes of action (whether in contract or in tort, in law or in equity, or granted by statute) that may be based upon, in respect of, arise under, out or by reason of, be connected with, or relate in any manner to this Agreement, or the negotiation, execution, or performance of this Agreement (including any representation or warranty made in, in connection with, or as an inducement to this Agreement, but not including separate undertakings such as guarantees of performance, personal guaranties, or corporate guarantees), may be made only against (and are those solely of) the entities that are expressly identified as parties in the preamble to this Agreement ("Contracting Parties"). No Person who is not a Contracting Party, including without limitation any director, officer, employee, incorporator, member, partner, manager, stockholder, affiliate, agent, attorney, or representative of, and any financial advisor or lender to, any of the foregoing ("Nonparty Affiliates"), shall have any liability (whether in contract or in tort, in law or in equity, or granted by statute) for any claims, causes of action, obligations, or liabilities arising under, out of, in connection with, or related in any manner to this Agreement or based on, in respect of, or by reason of this Agreement or its negotiation, execution, performance, or breach; and, to the maximum extent permitted by law, each Contracting Party hereby waives and releases all such liabilities, claims, causes of action, and obligations against any such Nonparty Affiliates, unless such liabilities, claims, causes of action, and obligations arise from deliberately fraudulent acts. Without limiting the foregoing, to the maximum extent permitted by law, (a) each Contracting Party hereby waives and releases any and all rights, claims, demands or causes of action that may otherwise be available at law or in equity, or granted by statute, to avoid or disregard the entity form of a Contracting Party or otherwise impose liability of a Contracting Party on any Nonparty Affiliate, whether granted by statute or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization, or otherwise; and (b) each Contracting Party disclaims any reliance upon any Nonparty Affiliates with to the performance of this Agreement or any representation or warranty made in, in connection with, or as an inducement to this Agreement. Nothing herein is intended to prevent a Contracting Party from pursuing any distinct legal rights it may have against a Nonparty Affiliate which arise from a separate document, such as a guaranty of performance, personal guaranty, corporate guaranty or similar agreement. Notwithstanding any other provision of this Agreement which limits the right of prospective Third-Party Beneficiaries, any Nonparty Affiliate may rely on this provision and enforce it against any Contracting Party or other Person or entity.

## 18. ACKNOWLEDGMENTS

18.1. THE SUBMISSION OF THIS AGREEMENT DOES NOT CONSTITUTE AN OFFER AND THIS AGREEMENT SHALL BECOME EFFECTIVE ONLY UPON THE EXECUTION HEREOF BY THE FRANCHISOR AND THE FRANCHISEE. THE DATE OF EXECUTION BY THE FRANCHISOR SHALL BE CONSIDERED TO BE THE DATE OF EXECUTION OF THIS AGREEMENT.

18.2. THIS AGREEMENT SHALL NOT BE BINDING ON THE FRANCHISOR UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF THE FRANCHISOR.

18.3. FRANCHISEE AGREES AND ACKNOWLEDGES THAT FULFILLMENT OF ANY AND ALL OF FRANCHISOR'S OBLIGATIONS WRITTEN IN THIS AGREEMENT OR BASED ON ANY ORAL COMMUNICATIONS WHICH MAY BE RULED TO BE BINDING IN A COURT OF LAW SHALL BE FRANCHISOR'S SOLE RESPONSIBILITY AND NONE OF FRANCHISOR'S AGENTS, REPRESENTATIVES, NOR ANY INDIVIDUALS ASSOCIATED WITH FRANCHISOR'S FRANCHISE COMPANY SHALL BE PERSONALLY LIABLE TO FRANCHISEE FOR ANY REASON. THIS IS AN IMPORTANT PART OF THIS AGREEMENT. FRANCHISEE AGREES THAT NOTHING THAT FRANCHISEE BELIEVES FRANCHISEE HAS BEEN TOLD BY FRANCHISOR OR FRANCHISOR'S REPRESENTATIVES SHALL BE BINDING UNLESS IT IS WRITTEN IN THIS AGREEMENT. THIS IS AN IMPORTANT PART OF THIS AGREEMENT. DO NOT SIGN THIS AGREEMENT IF THERE IS ANY QUESTION CONCERNING ITS CONTENTS OR ANY REPRESENTATIONS MADE.

## 19. ENTIRE AGREEMENT

This Agreement, the attachments and, the documents referred to herein, and the exhibits hereto, constitute the entire and only agreement between the parties concerning the granting, awarding and licensing of Franchisee as an authorized Hydrogen Fitness Franchisee at the location, and supersede all prior and contemporaneous agreements. There are no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the parties other than those set forth herein. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. This Agreement does not alter agreements between Franchisor and Franchisee for other locations. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations Franchisor made in the FDD that Franchisor furnished to Franchisee.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set forth below to be effective upon execution by Franchisor.

**"FRANCHISOR"**

**Hydrogen Franchising, LLC**

By:_____

Title: _____

Date: _____

**"FRANCHISEE"**

If Franchisee is an individual:

Signature:_____

Date: _____

Signature: _____

Date: _____

If Franchisee is a corporation or other entity:

_____
[Name of Franchisee]

By: _____

Title: _____

Date: _____

By: _____

Title: _____

Date: _____

# ATTACHMENT A

## FRANCHISEE SPECIFIC TERMS

**Effective Date:**

**Franchise Fee:**

**Franchisee Name:**

**Ownership of Franchise:**

| Owner Name | Ownership Percentage |
|---|---|
| | % |
| | % |
| | % |

**Franchisee Address:**

**Franchisee Phone:**

**Franchisee Email:**

**Operating Principal:**

**Key Manager:**

**Site Selection Area:**
*[Attach map or list of distinguishing territory features such as list of zip codes]*

**FRANCHISEE:**

[FRANCHISEE]

**Signature:**

**Name:**

**Title:**

**FRANCHISOR:**

**Hydrogen Franchising, LLC**

**Signature:**

**Name:**

**Title:**

**SCHEDULE 1 TO ATTACHMENT A**

**LOCATION ACCEPTANCE LETTER**
*(to be completed after site selection and acceptance)*

**Date:**

1. **Preservation of Agreement.** Except as specifically set forth in this letter, the Franchise Agreement shall remain in full force and effect in accordance with its terms and conditions. This letter is attached to and upon execution becomes an integral part of the Franchise Agreement.

2. **Approved Location**. The Approved Location shall be the following:

---

3. **Designated Territory.** Pursuant to the Franchise Agreement, Franchisee's Designated Territory will be defined as follows (if identified on a map, please attach map and reference attachment below):

---

**FRANCHISOR:**

**Hydrogen Franchising, LLC**

**Signature:**

**Name:**

**Title:**

**ATTACHMENT B**

**PERSONAL GUARANTY OF OWNER/SHAREHOLDER**

This Personal Guaranty and Assumption of Obligations (this "Guaranty") is given by the undersigned individuals identified as the owners of Franchisee in Attachment A.

In consideration of, and as an inducement to, the execution of that certain franchise agreement of even date herewith ("Franchise Agreement") by the parties listed as Franchisor and Franchisee in the Franchise Agreement, the undersigned hereby personally and unconditionally, jointly and severally: guaranties to Franchisor and its successors and assigns, for the term of the Franchise Agreement and, including any renewal thereof, as provided in the Franchise Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant stated in the Agreement and any documents, agreements, and instruments signed with or in connection with the Franchise Agreement (collectively, the "Franchise Documents"); and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Documents applicable to the owners of Franchisee.

The undersigned waives:

- acceptance and notice of acceptance by Franchisor of the foregoing undertakings;
- notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- protest and notice of default to any party with respect to the indebtedness of non-performance of any obligations hereby guaranteed;
- any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- any and all other notices and legal or equitable defenses to which the undersigned may be entitled.

The undersigned consents and agrees that:

- the undersigned's direct and immediate liability under this Guaranty shall be joint and several with all signatories to this and similar guaranties of Franchisee's obligations;
- the undersigned shall render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so;
- this Guaranty shall apply to any claims Franchisor may have due to return of any payments or property Franchisor may have received from Franchisee as a preference, fraudulent transfer or conveyance or the like in any legal proceeding;

- such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and

- such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which in any way modify or amend this Guaranty, which shall be continuing and irrevocable during and after the terms of the Franchise Documents, as the same may be amended or renewed, until Franchisee's duties and obligations to Franchisor are fully discharged and satisfied.

All capitalized terms when used shall have the meanings ascribed to them in the Franchise Agreement.

This Guaranty shall be governed, construed, and interpreted in accordance with the substantive laws of the state where Franchisor has its principal place of business at the time a dispute arises, without giving effect to its conflicts of law principles.

**IN WITNESS WHEREOF**, each of the undersigned has affixed his signature as dated below.

**GUARANTOR(S):**
*(add signature lines as necessary)*

**Signature:**

**Name:**

**Date:**

**ATTACHMENT C**

**FRANCHISEE QUESTIONNAIRE/COMPLIANCE CERTIFICATION**

**DO NOT SIGN THIS STATEMENT IF YOU ARE A RESIDENT OF, OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI (EACH A REGULATED STATE).**

FOR PROSPECTIVE FRANCHISEES THAT RESIDE IN OR ARE SEEKING TO OPERATE THE FRANCHISED BUSINESS IN ANY REGULATED STATE, SUCH PROSPECTIVE FRANCHISEE IS NOT REQUIRED TO COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.

As you know, Hydrogen Franchising, LLC ("we", "us"), and you are preparing to enter into a franchise agreement for the right to operate a Hydrogen Fitness franchise (each, a "Business"). The purpose of this questionnaire is to: (i) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading; (ii) be certain that you have been properly represented in this transaction; and (iii) be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and pay us the appropriate franchisee fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes/No ____ 1. Have you received and personally reviewed the Franchise Agreement, as well as each exhibit or schedule attached to these agreements that you intend to enter into with us?

Yes/No ____ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?

Yes/No ____ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes/No ____ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?

Yes/No ____ 5. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating the Business(es) with these professional advisor(s)?

Yes/No ____ 6. Do you understand we have only granted you certain, limited territorial rights under the Franchise Agreement, and that we have reserved certain rights under the Franchise Agreement?

Yes/No ____ 7. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the System mark or any other mark at any location outside your Territory under the Franchise Agreement, without regard to the proximity of these activities to the premises of your Business(es)?

Yes/No ____ 8. Do you understand all disputes or claims you may have arising from, or relating to the Franchise Agreement must be mediated and/or arbitrated, at our option, at our then-current headquarters?

Yes/No ____ 9. Do you understand the Franchise Agreement provides that you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and are not entitled to any punitive, consequential, or other special damages?

Yes/No ____ 10. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is us?

Yes/No ____ 11. Do you understand that the Franchisee (or one of its principals if Franchisee is an organization), as well as any Principal Executive(s) (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) before we will allow the Business to open or consent to a transfer of that Business?

Yes/No ____ 12. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?

Yes/No ____ 13. Do you understand that we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises (other than those that you timely fulfill your development obligations and have contracted to open under the Area Development Agreement, provided you have not materially breached that agreement and failed to timely cure that breach)?

Yes/No ____ 14. Do you understand that we will send written notices, as required by your Franchise Agreement, to either your Business or home address until you designate a different address by sending written notice to us?

Yes/No ____ 15. Do you understand that we will not approve your purchase of a franchise, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?

Yes/No ____ 16. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes/No ____ 17. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise regarding the actual, average, or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes/No ____ 18. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and/or Development Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

Yes/No ____ 19. Is it true that no broker, employee, or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property, or services from you in connection with a Business purchase with exception of those payments or loans provided in the Disclosure Document?

**GIVE A COMPLETE EXPLANATION OF ANY NEGATIVE RESPONSES ON BACK OF THIS PAGE (REFER TO QUESTION NUMBER)**

*[Signature page follows]*

**FOR MARYLAND FRANCHISEES**: ALL REPRESENTATIONS REQUIRING PROSPECTIVE FRANCHISEES TO ASSENT TO A RELEASE, ESTOPPEL, OR WAIVER OF LIABILITY ARE NOT INTENDED TO NOR SHALL THEY ACT AS A RELEASE, ESTOPPEL, OR WAIVER OF ANY LIABILITY INCURRED UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.

**YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.**

**FRANCHISEE APPLICANT(S):**
*(add signature lines as necessary)*

**Signature:**

**Name:**

**Title:**

**Date:**

**EXHIBIT F**

**AREA DEVELOPMENT AGREEMENT**
**WITH ATTACHMENTS**

**AREA DEVELOPMENT AGREEMENT**

**between**

**Hydrogen Franchising, LLC**

**and**

_____

**FRANCHISEE**

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## ATTACHMENTS


Attachment A – Franchisee-Specific Terms
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**HYDROGEN FITNESS**

**AREA DEVELOPMENT AGREEMENT**

This area development agreement (this **"Agreement"**) is made and entered into as of the date set forth on Attachment A of this Agreement (the **"Effective Date"**) (Attachment A and all appendices and schedules attached to this Agreement are hereby incorporated by this reference) between Hydrogen Franchising, LLC ("**Franchisor**," "**we**," "**us**" or "**our**") and the person or entity identified on Attachment A as the franchisee (**"Franchisee"** or "**you**") with its principal place of business as set forth on Attachment A.

**RECITALS**

A. We and you have entered into a certain Franchise Agreement dated the same date as this Agreement (the **"Initial Franchise Agreement"**), in which we have granted you the right to establish and operate one Hydrogen Fitness business (a **"Franchised Business"**).

B. We desire to grant to you the exclusive right to establish and operate a specified number of Franchised Businesses within a specified geographical area in accordance with a development schedule. business

C. If you are a corporation, limited liability company, partnership, or other entity (collectively, an **"Entity"**), all of your owners of a legal and/or beneficial interest in the Entity (the **"Owners"**) are listed on Attachment A of this Agreement (Attachment A and all other appendices hereto being hereby incorporated herein by reference).

D. You desire to establish and operate additional Franchised Businesses upon the terms and conditions contained in our then-current standard franchise agreements (a **"Franchise Agreement,"**.)

**NOW, THEREFORE**, for and in consideration of the foregoing premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

## 1. Grant of Development Rights and Development Area.

Subject to the terms and conditions of this Agreement, we grant to you the right, and you undertake the obligation, to establish and operate in the area designated on Attachment A to this Agreement (the **"Development Area"**) the number of Franchised Businesses specified in the development schedule in Attachment A (the **"Development Schedule"**). This Agreement does not grant you any right to use the Marks (as defined in your Initial Franchise Agreement) or the System (as defined in your Initial Franchise Agreement). Rights to use the Marks and the System are granted only by the Franchise Agreements.

## 2. Fees.

Upon execution of this Agreement, you must pay us a development fee in the amount specified on Attachment A (the **"Development Fee"**), which is based on the initial franchise fee you must pay for each Franchised Business that you develop. The Development Fee will be credited towards 100% of the Franchise Fee due under the Franchise Agreement for each Franchised Business that you develop pursuant to this Agreement. The Development Fee is fully earned by us when we and you sign this Agreement and is non-refundable, even if you do not comply with the Development Schedule.

## 3. Development Schedule.

**3.1 Deadlines.** You must enter into Franchise Agreements and open and operate Franchised Businesses in accordance with the deadlines set forth in the Development Schedule. By each **"Opening Deadline"** specified in the Development Schedule, you must have the specified number of Franchised Businesses open and operating. You must locate the Franchised Businesses only at sites that we have accepted in accordance with the terms of the applicable Franchise Agreement.

**3.2 Damaged Businesses.** If a Franchised Business is destroyed or damaged by any cause beyond your control such that it may no longer continue to be open for the operation of business, you must immediately give us notice of such destruction or damage (**"Destruction Event"**). You must diligently work to repair and restore the Franchised Business to our approved plans and specifications as soon as possible at the same location or at a substitute site accepted by us within the Development Area. If a Franchised Business is closed due to a Destruction Event, the Franchised Business will continue to be deemed a "Franchised Business in operation" for the purpose of this Agreement for up to 180 days after the Destruction Event occurs. If a Franchised Business (i) is closed in a manner other than those described in this Section 3.2 or as otherwise agreed by us in writing or (ii) fails to reopen within 180 days after a Destruction Event, then we may exercise our rights under Section 6.2 (Our Remedies).

## 4. Development Area.

**4.1 Development Area.** Except as provided in this Section 4.1, while this Agreement is in effect, provided that you open and operate the Franchised Businesses in accordance with the Development Schedule and the minimum number of Franchised Businesses that you have open and operating in the Development Area at any given time is not less than the minimum required pursuant to the Development Schedule, we will not operate, or license any person other than you to operate, a Franchised Business under the Marks (as defined in your Initial Franchise Agreement) and the System (as defined in your Initial Franchise Agreement) within the Development Area.

**4.2 No Other Restriction On Us.** Except as expressly provided in Section 4.1 or any other agreement between the parties, we and our affiliates retain the right, in our sole discretion, to conduct any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on your Franchised Businesses. For example, we and our affiliates have the right to:

**(a)** Establish or license franchises and/or company-owned Franchised Businesses or other facilities or businesses offering similar or identical products, services, and classes and using the System or elements of the System (i) under the Marks anywhere outside of the Development Area or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Development Area;

**(b)** Sell or offer, or license others to sell or offer, any products, services, treatment programs, or nutrition programs using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail stores, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Development Area;

**(c)** Advertise, or authorize others to advertise anywhere, using the Marks;

**(d)** Acquire, be acquired by, or merge with other companies with existing fitness facilities, businesses, and/or Franchised Businesses anywhere (including inside or outside of the Development Area) and, even if such businesses are located in the Development Area, (i) convert the other businesses to the Hydrogen Fitness name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Franchised Businesses to such other name; and

**(e)** Engage in any other activity, action or undertaking that we are not expressly prohibited from taking under this Agreement.

## 5. Term.

This Agreement expires at midnight on the last Opening Deadline date listed on the Development Schedule, unless this Agreement is terminated sooner as provided in other sections of this Agreement.

## 6. Termination.

**6.1 Events of Default.** Any one or more of the following constitutes an **"Event of Default"** under this Agreement:

**(a)** You fail to have open and operating the minimum number of Franchised Businesses specified in the Development Schedule by any Opening Deadline specified in the Development Schedule;

**(b)** An Event of Default occurs under any Franchise Agreement, resulting in the termination of such Franchise Agreement; or

**(c)** You breach or otherwise fail to comply fully with any other provision contained in this Agreement, including Section 8 (Franchisee's Covenant Not to Compete).

**6.2 Our Remedies.** If any Event of Default occurs under Section 6.1, we may, at our sole election: (i) declare this Agreement and any and all other rights granted to you under this Agreement to be immediately terminated and of no further force or effect; (ii) terminate any exclusive or territorial rights that you may have within the Development Area or otherwise under this Agreement; and/or (iii) exercise any other remedy we may have in law or equity as a result of an Event of Default hereunder. Upon termination of this Agreement for any other reason whatsoever, we will retain the Development Fee and you will not be relieved of any of your obligations, debts, or liabilities hereunder, including without limitation any debts, obligations, or liabilities which have accrued prior to such termination. All rights and remedies of the parties hereto shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement. The rights and remedies of the parties hereto shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as

often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration or early termination of this Agreement shall not discharge or release you from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration or early termination of this Agreement. Notwithstanding anything to the contrary herein, a termination of this Agreement resulting from your failure to open and thereafter operate Franchised Businesses in accordance with the Development Schedule will not, in itself, constitute cause for us to terminate any previously executed Franchise Agreement in effect at the time of such termination.

## 7. Assignment; Our Right of First Refusal.

**7.1 Rights Personal to You.** This Agreement and the rights granted to you under this Agreement are personal to you and neither this Agreement, nor any of the rights granted to you hereunder nor any controlling equity interest in you may be voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, assigned or otherwise transferred, given away, or encumbered by you without our prior written approval, which we may grant or withhold for any or no reason.

**7.2 Our Right of First Refusal.**

**(a)** If you receive, and desire to accept, from a third party a bona fide offer to transfer any of your rights in this Agreement, you shall promptly notify us in writing and send us an executed copy of the contract of transfer. We shall have the right and option, exercisable within thirty (30) days after actual receipt of such notification or of the executed contract of transfer which shall describe the terms of the offer, to send written notice to you that we intend to purchase your interest on the same terms and conditions offered by the third party.

**(b)** Closing on the purchase must occur within sixty (60) days from the date of notice by us to you of our election to purchase. If we elect not to accept the offer within the thirty (30) day period, you shall have a period not to exceed sixty (60) days to complete the transfer subject to our approval of the third-party transferee of your rights, which may be withheld in our sole discretion. Any material change in the terms of any offer before closing shall constitute a new offer subject to the same rights of first refusal by us as in the case of an initial offer.

**(c)** Our failure or refusal to exercise the option afforded by this Section 7 shall not constitute a waiver of any other provision of this Agreement.

**(d)** If the offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, we may elect to purchase the interest proposed to be sold for the reasonable cash equivalent, or any publicly traded securities, including its own, or intangible benefits similar to those being offered. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the offer, then such amount shall be determined by an independent appraiser designated by us, and such appraiser's determination shall be binding.

**7.3 Our Rights to Assign Unrestricted.** We may assign this Agreement or any ownership interests in us without restriction.

## 8. Franchisee's Covenant Not to Compete.

**8.1 Non-Competition**. You agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Hydrogen Fitness franchises, if franchise owners of Hydrogen Fitness franchises were permitted to hold interests in any competitive businesses (as described below). You further acknowledge that the following restraints are fair and reasonable, are required for the protection of our legitimate business interests, and do not impose any undue hardship on you. Therefore, during the Term, neither you, nor any Owner, nor any member of your immediate family or of the immediate family of any Owner, shall directly or indirectly have any direct or indirect interest as an owner, investor, partner, director, officer, employee, manager, consultant, representative, or agent in any business that offers products or services the same as or similar to those offered or sold at Hydrogen Fitness franchises; provided, however, that the ownership of 1% or less of a publicly traded company will not be deemed to be prohibited by this Section 8.1. Your duties and obligations under this Section 8 shall survive for 2 years following any termination, expiration or approved transfer of this Agreement; provided, however, that following such termination, expiration, or approved transfer of this Agreement, this covenant shall only apply with respect to a competitive business that has a place of business located within a 20 mile radius of the: (i) the Development Area; and (ii) the location of any Franchised Business that is under development or in operation as of the date of such termination, whether developed and opened by us, you, or another franchisee.

**8.2 Covenants of Others.** The Owners personally bind themselves to this Section 8 by signing the Guarantee that is attached as Attachment B to this Agreement. You must also obtain from your officers, directors, managers, instructors, Owners' spouses, Key Managers (as defined in the Initial Franchise Agreement) and other individuals that we may designate executed agreements containing nondisclosure and non-compete covenants similar in substance to those contained in this Section 8 as we prescribe in the Manuals and otherwise. The agreements must be in a form acceptable to us and specifically identify us as having the independent right to enforce them.

**8.3 Enforcement of Covenants.** You acknowledge and agree that (i) the time, territory and scope of the covenants provided in this Section 8 are reasonable and necessary for the protection of our legitimate business interests; (ii) you have received sufficient and valid consideration in exchange for those covenants; (iii) enforcement of the same would not impose undue hardship; and (iv) the period of protection provided by these covenants will not be reduced by any period of time during which you are in violation of the provisions of those covenants or any period of time required for enforcement of those covenants. To the extent that this Section 8 is judicially determined to be unenforceable by virtue of its scope or in terms of area or length of time, but may be made enforceable by reductions of any or all thereof, the same will be enforced to the fullest extent permissible. You agree that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants contained in this Section 8. You acknowledge that any breach or threatened breach of this Section 8 will cause us irreparable injury for which no adequate remedy at law is available, and you consent to the issuance of an injunction prohibiting any conduct violating the terms of this Section 8. Such injunctive relief will be in addition to any other remedies that we may have.

**9.** **Incorporation of Other Terms.** Section 12 (Confidential Information), Section 13 (Covenants Not To ), Section 16 (Resolution of Disputes), Section 17 (Miscellaneous Provisions) and Section 18 (Your Acknowledgements) of the Initial Franchise Agreement are incorporated by reference in this Agreement and will govern all aspects of our relationship and the construction of this Agreement as if fully restated within the text of this Agreement.

**10.** **Miscellaneous.** Capitalized terms used and not otherwise defined in this Agreement shall have the meanings set forth in the Initial Franchise Agreement. This Agreement, together with the Initial Franchise Agreement, supersedes all prior agreements and understandings, whether oral and written, among the parties relating to its subject matter, and there are no oral or other written understandings, representations, or agreements among the parties relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representations that we made in the most recent Franchise Disclosure Document that we delivered to you or your representatives. This Agreement shall not be binding on either party until it is executed by both parties. This Agreement may be signed in multiple counterparts, but all such counterparts together shall be considered one and the same instrument. The provisions of this Agreement may be amended or modified only by written agreement signed by the party to be bound.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date. By:

**FRANCHISOR:**

**HYDROGEN FRANCHISING, LLC**

BY:

NAME:

TITLE:

DATE:

**FRANCHISEE:**

**[FRANCHISEE]**

BY:

NAME:

TITLE:

DATE:

**ATTACHMENT A**

**DEVELOPER SPECIFIC TERMS**

**Effective Date:**

**Development Fee:**

**Franchisee Developer Name:**

**Ownership of Franchisee Developer:**

| Owner Name | Ownership Percentage |
|---|---|
| | % |
| | % |
| | % |

**Franchisee Developer Address:**

**Franchisee Developer Phone:**

**Franchisee Developer Email:**

**Operating Principal:**

**Key Manager:**

**Development Area:**
*[Attach map or list of distinguishing territory features such as list of zip codes]*

**Development Schedule:** You agree to establish and operate a total of _____ Franchised Businesses within the Development Area during the term of this Agreement. The Franchised Businesses must be open and operating in accordance with the following Development Schedule:

| Franchised Businesses Agreed to Open | Date By Which Franchised Business Must Be Open and Operating |
|---|---|
| 1 | |
| 2 | |
| 3 | |
| 4 | |
| 5 | |

**Other Terms:**

**DEVELOPER:**

[FRANCHISEE]

**Signature:**

**Name:**

**Title:**

**FRANCHISOR:**

**Hydrogen Franchising, LLC**

**Signature:**

**Name:**

**Title:**

**ATTACHMENT B**

**PERSONAL GUARANTEE OF OWNER/SHAREHOLDER**

This Personal Guarantee and Assumption of Obligations (this "Guarantee") is given this [DD MONTH YYYY], by [INDIVIDUAL OWNER NAME].

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement of even date herewith ("Agreement") by Hydrogen Franchising, LLC ("Franchisor"), a(n) Connecticut limited liability company, and [FRANCHISEE ENTITY], a[STATE AND FRANCHISEE ENTITY TYPE] ("Franchisee"), the undersigned hereby personally and unconditionally, jointly and severally: guaranties to Franchisor and its successors and assigns, for the Term of the Agreement and, including any renewal thereof, as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant stated in the Agreement and any documents, agreements, and instruments signed with or in connection with the Agreement (collectively, the "Franchise Documents"); and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Documents applicable to the owners of Franchisee.

The undersigned waives:

- acceptance and notice of acceptance by Franchisor of the foregoing undertakings;
- notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- protest and notice of default to any party with respect to the indebtedness of non-performance of any obligations hereby guaranteed;
- any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- any and all other notices and legal or equitable defenses to which the undersigned may be entitled.

The undersigned consents and agrees that:

- the undersigned's direct and immediate liability under this Guarantee shall be joint and several with all signatories to this and similar guaranties of Franchisee's obligations;
- the undersigned shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;
- this Guarantee shall apply to any claims Franchisor may have due to return of any payments or property Franchisor may have received from Franchisee as a preference, fraudulent transfer or conveyance or the like in any legal proceeding;
- such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and

- such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which in any way modify or amend this Guarantee, which shall be continuing and irrevocable during and after the terms of the Franchise Documents, as the same may be amended or renewed, until Franchisee's duties and obligations to Franchisor are fully discharged and satisfied.

All capitalized terms when used shall have the meanings ascribed to them in the Agreement.

This Guarantee shall be governed, construed, and interpreted in accordance with the substantive laws of the state where Franchisor has its principal place of business at the time a dispute arises, without giving effect to its conflicts of law principles.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature as dated below.

GUARANTOR

_____

[GUARANTOR NAME]

**DATE:**

**EXHIBIT G**

**FORM OF GENERAL RELEASE**

# GENERAL RELEASE OF CLAIMS

[*This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.*]

This General Release of Claims ("Release") is made as of the date signed below, by the individual or entity listed below as franchisee ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of Hydrogen Franchising, LLC ("Franchisor," and together with Releasor, the "Parties").

**WHEREAS**, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate a Hydrogen Fitness business;

**WHEREAS**, [Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement] OR [the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release], and Franchisor has consented to such; and

**WHEREAS**, as a condition to Franchisor's consent, Releasor has agreed to execute this Release upon the terms and conditions stated below.

**NOW, THEREFORE**, in consideration of Franchisor's consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

**1. Representations and Warranties**. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

**2. Release**. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim.

**3. Nondisparagement**. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

**4. Confidentiality**. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Agreement to any third party without Franchisor's express written consent, except as required by law.

**5. Miscellaneous**.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the state where the Franchised Business is located.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

*[Signature Page follows]*

## Signature Page to General Release Form

**IN WITNESS WHEREOF**, Releasor has executed this Release as of the date signed below.

**FRANCHISEE:**

[FRANCHISEE]

**By:**

**Name:**

**Title:**

**Date:**

**FRANCHISEE'S OWNERS:**
*(add more lines signature lines as necessary)*

**Signature:**

**Name:**

**Date:**

**Signature:**

**Name:**

**Date:**

**EXHIBIT H**

**FORM OF NONDISCLOSURE AND NONCOMPETE AGREEMENT**

**[THIS EXHIBIT IS FOR REFERENCE PURPOSES ONLY AS A SAMPLE FORM CONFIDENTIALITY AGREEMENT THAT FRANCHISOR MAY APPROVE FOR USE BY FRANCHISEE – BEFORE USING WITH AN EMPLOYEE OR CONTRACTOR FRANCHISEE SHOULD HAVE THIS AGREEMENT REVIEWED AND APPROVED BY AN INDEPENDENT LOCAL ATTORNEY HIRED BY FRANCHISEE.]**

# CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT

*[Sample ONLY]*

This Agreement (the "Agreement") is entered into by the undersigned ("you") in favor of:

[On the Line Below, Insert Name of Franchisee that Owns and Operates the Hydrogen Fitness Franchised Business]

_____ (hereinafter referred to as "us", "our" or "we")

## Recitals and Representations

**WHEREAS**, we are the owners of a licensed Hydrogen Fitness Business (hereinafter referred to as the "Hydrogen Fitness Business") that we independently own and operate as a franchisee;

**WHEREAS**, you are or are about to be an employee, independent contractor, officer and/or director of a Hydrogen Fitness Business that is independently owned and operated by us;

**WHEREAS**, in the course of your employment, independent contractor relationship and/or association with us, you may gain access to Confidential Information (defined below in this Agreement) and you understand that it is necessary to protect the Confidential Information and for the Confidential Information to remain confidential;

**WHEREAS**, our franchisor, Hydrogen Franchising, LLC is not a party to this agreement and does not own or manage the Hydrogen Fitness Business but is an intended third-party beneficiary of this Agreement; and

**WHEREAS**, this Agreement is not an employment agreement and is only a confidentiality agreement in connection with information, materials and access that may be provided to you in connection with the Hydrogen Fitness Business.

**NOW THEREFORE**, you acknowledge and agree as follows:

**1. Recitals and Representations**. You agree that the foregoing Recitals and Representations are true and accurate and shall constitute a part of this Agreement and are hereby incorporated into the main body of this Agreement.

**2. Definitions**. For purposes of this Agreement, the following terms have the meanings given to them below:

*"Business Management System"* refers to and means the software and/or internet or cloud-based system and/or systems, point of sale system or systems and customer relationship management system or systems as used in connection with the operations of the Hydrogen Fitness Business.

*"Business Management System Data"* refers to and means the forms, data, tools, customer information, inventory and sales information, and other information that is entered into and/or maintained on the Business Management System of the Hydrogen Fitness Business.

*"Confidential Information"* refers to and means: (a) non-public methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of the Hydrogen Fitness; (b) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of the Hydrogen Fitness; (c) customer lists and information related to the Hydrogen Fitness Business; (d) Business Management System Data; I current and future information contained in the Hydrogen Fitness Operations Manual made available to the Hydrogen Fitness Business by Hydrogen Franchising, LLC; and (e) production and service procedures that are not disclosed to the public but used by the Hydrogen Fitness Business.

"*Digital Media*" refers to and means any interactive or static electronic document, application or media including, but not limited to, www.HydrogenFranchising.com, social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, Snapchat, YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to the Hydrogen Fitness or other Hydrogen Fitness Businesses.

*"Licensed Marks"* refers to and means the word marks, trademarks, service marks, and logos now or hereafter utilized in the operation of a Hydrogen Fitness, including, but not limited to, the "Hydrogen Fitness" word mark, associated logos, and any other trademarks, service marks or trade names that we designate for use in a Hydrogen Fitness Business.

*"Operations Manual"* refers to and means the confidential operations manual made available to the Hydrogen Fitness Business by our franchisor or as otherwise designated by us. The Operations Manual may consist of one of more volumes, handbooks, manuals, written materials, video, electronic media files, cloud/internet-based list-service, intra-net, internet based and accessed databases, computer media, webinars and other materials as may be modified, added to, replaced, or supplemented.

*"Trade Dress"* refers to and means the Hydrogen Fitness designs, images, marketing materials, packaging, branding and/or branding images used in connection with the operation of the Hydrogen Fitness Business.

**3. Your Access to Confidential Information**. In addition to the representations and acknowledgments contained in the Recitals and Representations, above, you acknowledge and represent that in your capacity as an employee, independent contractor, officer and/or director of the Hydrogen Fitness that you will be gaining access to, among other things, the Confidential Information. You acknowledge that the terms of this Agreement are fair and reasonable.

**4. Protection of the Confidential Information**. You agree that: (i) you will not use the Confidential Information in any business or capacity other than the Hydrogen Fitness Business; (ii) you will maintain the confidentiality of the Confidential Information at all times; (iii) you will not make unauthorized copies of documents containing the Confidential Information; (iv) you will take such reasonable steps as the we may ask of you from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (v) you will stop using the Confidential Information immediately at our request or demand. You will not use the Confidential Information for any purpose other than for the performance of your duties on behalf of us and in accordance with the scope of your work with us.

**5. Reasonableness of Covenants and Restrictions**. You agree that: (i) the terms of this Agreement are reasonable and fair and that you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **You hereby waive any right to challenge the terms of this Agreement as being overly broad, unreasonable, or otherwise unenforceable.**

**6. Breach**. You agree that failure to comply with the terms of this Agreement will cause irreparable harm to us and to our franchisor, Hydrogen Franchising, LLC, and other Hydrogen Fitness franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us or our franchisor, Hydrogen Franchising, LLC, to injunctive relief. You agree that we and/or our franchisor, Hydrogen Franchising, LLC, may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, you agree that the amount of the bond shall not exceed one thousand dollars ($1,000.00). None of the remedies available to us under this Article are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages.

**7. Miscellaneous**.

(a) If we hire an attorney or files suit against you because you have breached this Agreement and if we prevail in such lawsuit, you agree to pay the reasonable attorney fees and costs that we incur.

(b) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

**YOU ACKNOWLEDGE THAT THIS IS NOT AN EMPLOYMENT AGREEMENT.**

**YOU ACKNOWLEDGE AND AGREE THAT OUR FRANCHISOR, HYDROGEN FRANCHISING, LLC, IS NOT A PARTY TO THIS AGREEMENT BUT IS AN INTENDED THIRD-PARTY BENEFICIARY OF THIS AGREEMENT.**

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement as of the date or dates set forth below.

**RESTRICTED PARTY**

Signature:

Name:

Date:

**EXHIBIT I**

**STATE SPECIFIC ADDENDA**

The following modifications are made to this Disclosure Document given to you and may supersede, to the extent then-required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated as of the Effective Date set forth in your Franchise Agreement. When the term "Franchisor's Choice of Law State" is used, it means the laws of the state of New York, subject to any modifications as set forth in the addenda below. When the term "Supplemental Agreements" is used, it means Area Development Agreement.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. These State Specific Addenda ("Addenda") modify the agreements to comply with the state's laws. The terms of these Addenda will only apply if you meet the requirements of the applicable state, independent of your signing the appropriate Addenda. The terms of the Addenda will override any inconsistent provision in the FDD, Franchise Agreement, or any Supplemental Documents. These Addenda are only applicable to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign the signature page to the Addenda along with the Franchise Agreement and any Supplemental Agreements.

## CALIFORNIA

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of California:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT dfpi.ca.gov.

The Department has determined that we, the franchisor, have not demonstrated we adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has required us to deposit $50,000 into our bank accounts and sign an undertaking that we will maintain $20,000 in our bank accounts during our registration period.

### ITEM 3 – LITIGATION

Neither the Franchisor, nor any person identified in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange

### ITEM 17 – RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

2. The Franchise Agreement provides for termination upon bankruptcy, this provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq).

3. The Franchise Agreement and the Development Agreement contain provisions requiring application of the laws of New York. This provision may not be enforceable under California law.

4. The Franchise Agreement and the Development Agreement require venue to be limited to New York. This provision may not be enforceable under California law.

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

6. THE FRANCHISE AGREEMENT MAY REQUIRE THE FRANCHISEE TO EXECUTE A GENERAL RELEASE OF CLAIMS UPON EXECUTION OF THE FRANCHISE AGREEMENT. CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE SECTION 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043).

7. California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Corporations before we ask you to consider a material modification of your Franchise Agreement or the Development Agreement.

8. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL

PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

9. The Franchise Agreement and any Area Development Agreement require binding arbitration. The arbitration will occur in New York. If we are the substantially prevailing party, we will be entitled to recover reasonable attorneys' fees and litigations costs and expenses in connection with the arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

11. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

12. **Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.**

## HAWAII

The following paragraphs are added in the state cover pages:

THESE FRANCHISES WILL HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, AND NOT MISLEADING.

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

THIS ADDENDUM AND THE DISCLOSURE DOCUMENT CONTAIN A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND FRANCHISEE.

The name and address of the Franchisor's agent in this state authorized to receive service of process is: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., the Franchise Disclosure Document for Hydrogen Franchising, LLC in connection with the offer and sale of franchises for use in the State of Hawaii shall be amended to include the following:

> This proposed registration is effective/exempt from registration or will shortly be on file in California, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington, and Wisconsin. No states have refused, by order or otherwise, to register these franchises. No states have revoked or suspended the right to offer these franchises. The proposed registration of these franchises has not been involuntarily withdrawn in any state.

**Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., are met independently without reference to this Addendum to the disclosure document.**

## ILLINOIS

Illinois law governs the Disclosure Document, Franchise and Area Development Agreement(s).

Based upon the franchisor's financial condition, the Illinois Secretary of State has required financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

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

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

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

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

**Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the representations made in the franchise disclosure document.**

## INDIANA

Notwithstanding anything to the contrary set forth in the Franchise Agreement or Area Development Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

1. The Franchise Agreement and Area Development Agreement will be governed by Indiana law. Venue for litigation will not be limited to a venue outside of the State of Indiana, as specified in the Franchise Agreement and Area Development Agreement.

2. The prohibition by Indiana Code 23-2-2.7-1 (7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the Franchise Agreement, shall supersede any conflicting provisions of the Franchise Agreement and the Area Development Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

3. No release language set forth in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

4. The post-termination non-competition covenants set forth in the Franchise Agreement and Area Development Agreement shall be limited in time to a maximum of three (3) years and in geographic scope to the designated territory granted by the Agreement.

5. Nothing in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana, and the laws of the State of Indiana supersede any conflicting choice of law provisions set forth herein if such provision is in conflict with Indiana law.

6. You will not be required to indemnify us and the other Indemnities for any liability caused by your proper reliance on or use of procedures or materials provided by us or caused by our negligence.

7. If we receive any payments related to purchases from you that we do not pass on in full to the supplier, we will promptly account for the amount of the payment that we retained and we will transmit the retained amount to you.

## IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

### NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Hydrogen Franchising, LLC, ; 67 Burnside Ave East Hartford, CT, 06108 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

FRANCHISEE

Signed:

Name:

Date:

## MARYLAND

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document, Franchise Agreement or Area Development Agreement and will apply to all franchises offered and sold under the laws of the State of Maryland. This addendum applies to residents of the state of Maryland and all franchises to be operated the state of Maryland

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

### Franchise Disclosure Document

**Item 5**

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

**Item 12**

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of sale shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

**Item 17**

Under the Maryland Franchise Registration and Disclosure Law any general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply.

### Franchise and Area Development Agreement

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

For claims arising under the Maryland Franchise Registration and Disclosure Law, any litigation between Franchisor and Franchisee may be instituted in any court of competent jurisdiction, including a court in the State of Maryland.

Any claim arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the license granted under the Franchise Agreement.

You are advised that any provision in the Franchise Agreement that provides for termination of your franchise license if you file for protection under any section of the federal bankruptcy law may not be enforceable under that law (11 U.S.C. Sections 101 et seq.).

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

**Section 18 of the Franchise Agreement does not comply with Maryland Franchise Registration and Disclosure Law and is hereby removed in its entirety.**

**Area Development Agreement**

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

For claims arising under the Maryland Franchise Registration and Disclosure Law, any litigation between Franchisor and Franchisee may be instituted in any court of competent jurisdiction, including a court in the State of Maryland.

Any claim arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the license granted under the Franchise Agreement.

You are advised that any provision in the Franchise Agreement that provides for termination of your franchise license if you file for protection under any section of the federal bankruptcy law may not be enforceable under that law (11 U.S.C. Sections 101 et seq.).

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE MICHIGAN FRANCHISE INVESTMENT LAW**

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

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provisions of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value, at the time of expiration, of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchised business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, marketing, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.[1]

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) the failure of the proposed franchisee to meet the franchisor's then-current reasonable qualifications or standards;

(ii) the fact that the proposed transferee is a competitor of the franchisor or subfranchisor;

(iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations; and

[1]NOTE: Notwithstanding paragraph (f) above, we intend to fully enforce the provisions of the arbitration section of our agreements. We believe that paragraph (f) is preempted by the Federal Arbitration Act and that paragraph (f) is therefore unconstitutional.

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

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

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

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

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

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The name and address of the franchisor's agent in this state authorized to receive service of process is: Michigan Department of Commerce, Corporation and Securities Bureau, 6546 Mercantile Way, P.O. Box 30222, Lansing, MI 48910.

Any questions regarding this notice should be directed to:

Department of the Attorney General's Office
Corporate Oversight Division
Attn: Franchise
670 G. Mennen Williams Building
Lansing, MI 48913

## MINNESOTA

Notwithstanding anything to the contrary set forth in the Disclosure Document, the Franchise Agreement, or the Area Development Agreement, the following provisions will supersede and apply:

1. We will protect your right to use the trademarks, service marks, trade names, logotypes, or other commercial symbols and/or indemnify you from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the same.

2. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit the Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

3. No release language set forth in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.

4. Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, subdivisions 3, 4, and 5 require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement or Area Development Agreement.

5. Under the terms of the Franchise Agreement and Area Development Agreement, as modified by the Minnesota Addendum to the Franchise Agreement, you agree that if you engage in any non-compliance with the terms of the Franchise Agreement or unauthorized or improper use of the System Marks, or Proprietary Materials during or after the period of the Agreements, we will be entitled to seek both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies which we may have at law, and you consent to the seeking of these temporary and permanent injunctions.

## NEW YORK

## NOTICE TO PROSPECTIVE FRANCHISEES IN THE STATE OF NEW YORK

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NY 10005, 212-416-8236. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

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

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the Franchise System or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge, or within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunction or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for Franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for Franchisor approval of transfer**:"

> However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Section 33 of the General Business law of the State ofNew York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by Franchisee**:"

> You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of Forum**," andItem 17(w), titled "**Choice of Law**:"

> The foregoing choice of law should not be considered a waiver of any right conferred upon the Franchisor or upon the Franchisee by Section 33 of the General Business Lawof the State of New York.

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

7. Receipts - Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## NORTH DAKOTA

In North Dakota, the Disclosure Document is amended as follows to conform to North Dakota law:

Item 5 "Initial Fees," is supplemented by the addition of the following:

> Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel this Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

Item 6 "Other Fees," is supplemented by the addition of the following:

> No consent to termination or liquidated damages shall be required from franchisees in the State of North Dakota.

Item 17 "Renewal, Termination, Transfer and Dispute Resolution," is supplemented by the addition of the following:

> Any provision requiring a franchisee to sign a general release upon renewal of the franchise agreement has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
>
> Any provision requiring a franchisee to consent to termination or liquidation damages has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
>
> Covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, and inequitable. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.
>
> Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee's place of business.
>
> Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.
>
> Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.

Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

## OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials: _____ Date: _____

## NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Hydrogen Franchising, LLC, 67 Burnside Ave East Hartford, CT, 06108not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

FRANCHISEE

Signed:

Name:

Date:

## RHODE ISLAND

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Rhode Island.

### ITEM 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

## SOUTH DAKOTA

In South Dakota, the Disclosure Document, Franchise Agreement and Area Development Agreements are amended as follows to conform to South Dakota law:

Item 5

Based upon the franchisor's financial condition, the South Dakota Securities Regulation Office has required financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

**Franchise Agreement**

Deferral of Franchise Fees or Other Money Paid by Franchisee.

Based upon the franchisor's financial condition, the South Dakota Securities Regulation Office has required financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

**Area Development Agreement**

Fee Deferral

Based upon the franchisor's financial condition, the South Dakota Securities Regulation Office has required financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement open.

## VIRGINIA

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

Additional Disclosure: The following statements are added to Item 17:

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

## WASHINGTON

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

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

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

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

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

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

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

## WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

**SIGNATURE PAGE FOR APPLICABLE ADDENDA**

If any one of the preceding Addenda for specific states is checked as an "Applicable Addenda" below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, and any Supplemental Agreements entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, or Supplemental Agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

| | | |
|---|---|---|
| ☐ California | ☐ Michigan | ☐ Rhode Island |
| ☐ Hawaii | ☐ Minnesota | ☐ South Dakota |
| ☐ Illinois | ☐ New York | ☐ Virginia |
| ☐ Iowa | ☐ North Dakota | ☐ Washington |
| ☐ Indiana | ☐ Ohio | ☐ Wisconsin |
| ☐ Maryland | | |

Date:_____

**FRANCHISOR:**

Hydrogen Franchising, LLC

Name:

Title:

**FRANCHISEE:**

FRANCHISEE

Name:

Title:

**EXHIBIT J**

**LEASE RIDER**

THIS LEASE RIDER is entered into between the undersigned parties.

WHEREAS, Company and Franchisee are parties to a Franchise Agreement dated _____, (the "Franchise Agreement"); and

WHEREAS, the Franchise Agreement provides that Franchisee will operate a Hydrogen Fitness ("Business") at a location that Franchisee selects and Company accepts; and

WHEREAS, Franchisee and Landlord propose to enter into the lease to which this Rider is attached (the "Lease"), pursuant to which Franchisee will occupy premises located at the address listed on the signature page below (the "Premises") for the purpose of constructing and operating the Business in accordance with the Franchise Agreement; and

WHEREAS, the Franchise Agreement provides that, as a condition to Company's authorizing Franchisee to enter into the Lease, the parties must execute this Lease Rider;

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth in this Rider and in the Franchise Agreement, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. During the term of the Franchise Agreement, Franchisee will be permitted to use the Premises for the operation of the Business and for no other purpose.

2. Subject to applicable zoning laws and deed restrictions and to prevailing community standards of decency, Landlord consents to Franchisee's installation and use of such trademarks, service marks, signs, decor items, color schemes, and related components of the Hydrogen Fitness system as Company may from time to time prescribe for the Business.

3. Landlord agrees to furnish Company with copies of all letters and notices it sends to Franchisee pertaining to the Lease and the Premises, at the same time it sends such letters and notices to Franchisee. Notice shall be sent to Company by the method(s) as stated in the lease to:

Hydrogen Franchising, LLC
67 Burnside Ave East Hartford, CT, 06108
www.HydrogenFranchising.com

4. Company will have the right, without being guilty of trespass or any other crime or tort, to enter the Premises at any time or from time to time (i) to make any modification or alteration it considers necessary to protect the Hydrogen Fitness system and marks, (ii) to cure any default under the Franchise Agreement or under the Lease, or (iii) to remove the distinctive elements of the Hydrogen Fitness trade dress upon the Franchise Agreement's expiration or termination. Neither Company nor Landlord will be responsible to Franchisee for any damages Franchisee might sustain as a result of action Company takes in accordance with this provision. Company will repair or reimburse Landlord for the cost of any damage to the Premises' walls, floor or ceiling that result from Company's removal of trade dress items and other property from the Premises.

5. Franchisee will be permitted to assign the Lease to Company or its designee upon the expiration or termination of the Franchise Agreement. Landlord consents to such an assignment and agrees not to impose any assignment fee or similar change, or to increase or accelerate rent under the Lease, in connection with such an assignment.

6. If Franchisee assigns the Lease to Company or its designee in accordance with the preceding paragraph, the assignee must assume all obligations of Franchisee under the Lease from and after the date of assignment, but will have no obligation to pay any delinquent rent or to cure any other default under the Lease that occurred or existed prior to the date of the assignment.

7. Franchisee may not assign the Lease or sublet the Premises without Company's prior written consent, and Landlord will not consent to an assignment or subletting by Franchisee without first verifying that Company has given its written consent to Franchisee's proposed assignment or subletting.

8. Landlord and Franchisee will not amend or modify the Lease in any manner that could materially affect any of the provisions or requirements of this Lease Rider without Company's prior written consent.

9. The provisions of this Lease Rider will supersede and control any conflicting provisions of the Lease.

10. Landlord acknowledges that Company is not a party to the Lease and will have no liability or responsibility under the Lease unless and until the Lease is assigned to, and assumed by, Company.

IN WITNESS WHEREOF, the parties have executed this Lease Rider on the date signed below:

**COMPANY:**
Hydrogen Franchising, LLC

**By:**

**Name:**

**Title:**

**FRANCHISEE:**
[FRANCHISEE]

**By:**

**Name:**

**Title:**

**LANDLORD:**
[LANDLORD]

**By:**

**Name:**

**Title:**

**Effective Date of this Lease Rider:**

**Premises Address:**

**EXHIBIT K**

**ELECTRONIC FUNDS TRANSFER AUTHORIZATION FORM**

**Bank Name:**

**ABA Number:**

**Account Number:**

**Account Name:**

Effective as of the date of the signature below, [FRANCHISEE NAME] (the "Franchisee") hereby authorizes Hydrogen Franchising, LLC (the "Franchisor") or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Franchisor or its affiliates under the franchise agreement dated [EFFECTIVE DATE OF FA] (the "Franchise Agreement") for the business operating at the location identified on Attachment A of the Franchise Agreement (the "Franchised Business"): (i) all Royalty Fees; (ii) Brand Fund Contributions; (iii) any amounts due and owing the Franchisor or its affiliates in connection with marketing materials or other supplies or inventory that is provided by Franchisor or its affiliates; and (iv) all other fees and amounts due and owing to Franchisor or its affiliates under the Franchise Agreement. Franchisee acknowledges each of the fees described above may be collected by the Franchisor (or its designee) as set forth in the Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Franchise Agreement.

Such withdrawals shall occur on a weekly basis, or on such other schedule as Franchisor shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Franchisor. **PLEASE ATTACH A VOIDED BLANK CHECK, FOR PURPOSES OF SETTING UP BANK AND TRANSIT NUMBERS.**

AGREED ON [DATE]:

**FRANCHISEE:**

[FRANCHISEE]

**By:**

**Name:**

**Title:**

**FRANCHISOR:**

Hydrogen Franchising, LLC

**By:**

**Name:**

**Title:**

**EXHIBIT L**

## STATE EFFECTIVE DATES

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

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

| State | Effective Date |
|---|---|
| California | Application Pending |
| Hawaii | Not Registered |
| Illinois | March 17, 2026 |
| Indiana | Application Pending |
| Maryland | Application Pending |
| Michigan | August 19, 2025 |
| Minnesota | Not Registered |
| New York | Application Pending |
| North Dakota | Not Registered |
| Rhode Island | May 14, 2026 |
| South Dakota | March 19, 2026 |
| Virginia | Not Registered |
| Washington | Not Registered |
| Wisconsin | Application Pending |

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.

## RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Hydrogen Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Hydrogen Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and any applicable state agency.

This franchise is being offered by the following seller(s) at the principal business address and phone number listed below (check all that have been involved in the sales process):

Hydrogen Franchising, LLC; 67 Burnside Ave East Hartford, CT, 06108; (914) 875-3138

Franchise Brokers, Consultants, or Franchise Development Company Representatives (if any):

Name:

Address:

Phone:

Issuance Date: March 16, 2026

I received a Disclosure Document that included the following Exhibits:

A. Financial Statements
B. List of State Administrators and Agents for Service of Process
C. List of Current and Former Franchisees
D. Operations Manual Table of Contents
E. Franchise Agreement with Attachments
F. Area Development Agreement with Attachments
G. Form of General Release
H. Form of Confidentiality and Noncompete Agreement
I. State Specific Addenda
J. Lease Rider
K. Electronic Funds Transfer Form
L. State Effective Dates
Receipts

Signature:

Print Name:

Date Received:

**PLEASE SIGN AND KEEP THIS COPY FOR YOUR RECORDS.**

## RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Hydrogen Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

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H. Form of Confidentiality and Noncompete Agreement
I. State Specific Addenda
J. Lease Rider
K. Electronic Funds Transfer Form
L. State Effective Dates
Receipts

Signature:

Print Name:

Date Received:

**RETURN THIS COPY TO US:** Hydrogen Franchising, LLC
c/o Jonathan Gutwein
67 Burnside Ave East Hartford, CT, 06108
www.HydrogenFranchising.com