FRANCHISE DISCLOSURE DOCUMENT

Performance360 Franchise Group, LLC
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The franchise is for the establishment and operation of a PERFORMANCE360® Strength & Conditioning gym that offers quality coaching and personalized development above one-size fits all, competitive workouts. We also grant to qualified franchisees the right to develop multiple PERFORMANCE360® Gyms under an Area Development Agreement.

The total investment necessary to begin operation of your Gym is from $247,650 to $410,500. This includes $49,000 that must be paid to us. The total investment necessary to begin operation under an Area Development Agreement is from $272,650 to $485,500. This includes $25,000 to $75,000 that must be paid to us.

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 or grant. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Bryan Pritz, bryan@perform-360.com, 4515 Gresham Street, San Diego, California 92109, (619) 881-0132.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as *"A Consumer's Guide to Buying a Franchise,"* which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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.

Date of Issuance: February 8, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit H
How much will I need to invest?	Item 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 list the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Performance360 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 Performance360 franchisee?	Item 20 or Exhibit H list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The Franchise Agreement requires you to resolve disputes with us by litigation or arbitration in the state of California. Out-of-state litigation or arbitration may force you to accept a less favorable settlement for disputes. it may also cost more to litigate or arbitrate in California than in your home state.
2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has now ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

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EXHIBITS:

A. FRANCHISE AGREEMENT
B. STATE ADDENDUM
C. GENERAL RELEASE (SAMPLE FORM)
D. FINANCIAL STATEMENTS
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F. AREA DEVELOPMENT AGREEMENT
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ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Franchise Disclosure Document ("Disclosure Document"), "we," "us," "Franchisor," "PERFORMANCE360®," or "our" means PERFORMANCE360 Franchise Group, LLC. "You," "your," or "Franchisee," means the person or legal entity (including an individual, corporation, partnership, limited liability company or other legal entity, and its owners, officers, and directors) buying the franchise. If you are a legal entity, your direct or indirect owners will have to guarantee your obligations and be bound by the provisions of the franchise agreement and other agreements as described in this Disclosure Document.

The Franchisor

We are a California limited liability company formed on April 29, 2021. Our principal business address is 4515 Gresham Street, San Diego, California 92109. We have not operated any PERFORMANCE360® Strength & Conditioning Gym. We have just begun offering franchises as of the date of this Disclosure Document. We do not offer and have not offered franchises in any line of business. We have no other business activities outside the PERFORMANCE360® Strength & Conditioning Gym franchise business.

We operate under the trade name "PERFORMANCE360®" and the other marks described in Item 13 (the "Marks").

Agents for Service of Process

Our agents for service of process are listed on Exhibit I to this Disclosure Document.

Parents and Predecessors

We do not have any parents or predecessors.

Affiliate

Our affiliate, PERFORMANCE360, LLC, is a California limited liability company formed on March 11, 2010, operates all three PERFORMANCE360 Strength & Conditioning Gym in San Diego, California. The principal address is the same as ours, 4515 Gresham Street, San Diego, California 92109. It has not offered franchises in any line of business.

Affiliate Locations
Performance360 Pacific Beach 4515 Gresham Street, San Diego, CA 92109
Performance360 Ocean Beach 1931 Bacon Street, San Diego, CA 92107
Performance360 Bay Park 1221 West Morena Boulevard, San Diego, CA 92110

PERFORMANCE360 ASSETS, LLC owns the PERFORMANCE360® and BECOME MORE® trademarks.

Franchised Business

We grant you the right to develop and operate a PERFORMANCE360® Strength & Conditioning Gym under the "PERFORMANCE360" trademark and other Marks and the System (as defined below) (the "Gym" or "Franchise Business") pursuant to the terms of our Franchise Agreement, the form of which is attached hereto as Exhibit A (the "Franchise Agreement").

Your Franchise Business will operate a PERFORMANCE360 System. The PERFORMANCE360 franchise will operate a gym offering adult group, semi-private, private training, and individual programs in the area of fitness, personal training, and education with an emphasis on one-on-one coaching nutritional coaching, supplements, and apparel. Specifically, the PERFORMANCE360 concept is to provide individually designed fitness coaching techniques and exercise programs to help meet the individual's specific needs and to reach their personal fitness goals whether in a group boot-camp or private lesson. The heart and soul of P360 is the three keystone training components physique, strength, and cardio ("PSC") Each Gym will operate under the name PERFORMANCE360® and other Marks we designate.

You must operate your Gym under the PERFORMANCE360® System (the "System"). The System is characterized by a distinctive layout, service style, design, signs, décor, furnishings, procedures, and techniques, all of which we may change from time to time. PERFORMANCE360 Gym range in size from 2,000 to 4,000 square feet depending on the location of your Gym. You must adhere to the System regardless of the size of your Gym.

We also offer qualified franchisees the right to develop multiple PERFORMANCE360® Gyms under the terms of an Area Development (the "Area Development Agreement"). If you sign a Franchise Agreement, you will sign a separate Franchise Agreement for each Gym developed under your Area Development and will be our then-current form of Franchise Agreement.

Locations being considered should be zoned for a private fitness facility and not a commercial gym. Ceiling heights should be a minimum of 12 feet and are preferred to be higher. Wi-fi in each location is required along with music provided through Fit Radio. Locations requiring major demolition are discouraged and open shell spaces are preferred. Franchisees will be required to install an oversized overhead fan. The presence of bay doors that roll up is a big plus.

Market and Competition

The fitness industry is highly competitive and the market for fitness services is developed and heavily segmented. Your competition may include other national fitness centers, local gyms, personal trainers, and specialty training businesses (like book camp fitness businesses, sport-specific athletic training businesses and multi-spot or cross training businesses). Your competition may include other PERFORMANCE360 Gyms or other fitness centers by us or our corporate affiliates. See Item 12. Gyms and fitness center businesses tend to be highly seasonal, with activity typically peaking in January and with lower levels of activity in August.

Certifications, Licenses, Permits and Industry Regulations

PERFORMANCE360 head coaches and trainers will be required to be certified through one of the following ISSA, ACE, NASM, NSCA or CrossFit (Level 2). Trainers will also need to be certified in CPR

and first aid training. Head coaches and trainers are required to complete all pre-opening training four to six weeks prior to the scheduled opening.

There are many federal, state, and local regulations specific to the operation of a fitness facility, including first aid training of the staff, readily accessible, on-site medical emergency response equipment such as defibrillators if, and as required by your state law, fitness and various other local, state, and federal laws concerning consumers and the sale of certain products.

In addition, you must comply with all local, state, and federal laws that apply to your fitness facility operations, including, for example, zoning, health, and sanitation, no-smoking, EEOC, OHSA, discrimination, employment, and sexual harassment laws. The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled persons and therefore may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. You must obtain real estate permits (e.g., zoning), real estate licenses, and operational licenses. You should obtain a complete copy of the relevant statutes and regulations of the Federal government and of your state and discuss them with your attorney. You should also investigate applicable county and city ordinances and regulations.

ITEM 2 BUSINESS EXPERIENCE

Bryan Pritz, Founder & CDO – Bryan Pritz is the Chief Data Officer of Performance360 Franchise Group. He has worked at Performance360 for 12 years, from 2011 – present.

David Thomas, Founder & CEO – Dave Thomas is the co-owner and CEO of Performance360 Franchise Group. He has worked at Performance360 for 13 years, from 2010 – present.

Leonard Weiner, Founder & COO – Leonard Weiner is the Chief Operating Officer of Performance360 Franchise Group. He has worked at Performance360 for 7 years, from 2016 – present.

Ashley Pritz, Chief Community Officer – Ashley Pritz is Chief Community Officer of Performance360 Franchise Group. She has worked at Performance360 for 5 years, from 2018 – present.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Initial Franchise Fee

The Initial Franchise Fee for a single PERFORMANCE360® franchise is $49,000. You must pay the Initial Franchise Fee in a full, lump-sum payment on the date your sign the Franchise Agreement. The Initial Franchise Fee is fully earned upon payment. If Franchisee fails to successfully complete the initial training in accordance with Franchisor's standards, Franchisor has the right to terminate the Agreement and will refund one-half of the Franchise Fee provided Franchisee executes a general release.

All initial fees are payable in lump sum upon execution of the Franchise Agreement. Unless otherwise noted all fees are uniformly imposed on all franchisees.

If you have successfully opened a franchise location and want to execute another franchise agreement, provided you have satisfied all terms and conditions of the existing franchise agreement in accordance with all standards and requirements provided by Franchisor, Franchisor may grant you the right to execute another franchise agreement.

Multi-Unit Development

You may also purchase the rights to open multiple PERFORMANCE360® franchises, in which case you will sign the Area Development Agreement ("Area Development Agreement"), which is attached to this Disclosure Document as Exhibit F. If you sign an Area Development Agreement, you must pay to us the Initial Franchise Fee of $49,000 for the first PERFORMANCE360® Gym, plus the Area Development Fee (the "Area Development Fee") of $25,000 for each additional PERFORMANCE360® Gym you agree to develop under the Area Development Agreement which is due when you sign the Area Development Agreement. The calculation and the structure of the Area Development Fee is uniform for all developers. All Multi-Unit Fees are fully earned upon payment, and there is no refund under any circumstances.

Multi-Unit Package

Additional Units. In addition to the $49,000 Initial Franchise Fee, you will pay a $25,000 Area Development Fee for each additional unit you agree to develop. You shall open the first unit within nine (9) months, from the execution of the Franchise Agreement, and any additional units within twelve (12) months from the opening of the previous location.

All initial fees are payable in lump sum upon execution of the Franchise Agreement and Area Development Agreement and are non-refundable under no circumstance. Unless otherwise noted all fees are uniformly imposed on all franchisees.

ITEM 6 OTHER FEES

Type of Fee*	Amount	Due Date	Remarks
Pre-Opening in Person Training[1]	$2,500 - $5,000	Payable to Franchisor	For travel, expenses, and training time with franchisee staff before they open
Royalty Fee[2]	7% of Gross Revenues[2]	Payable daily	Automatically deducted from daily payout by Franchisor for the Gross Revenues each day.
Technology Fee[3]	$500 per month	Payable monthly.	For access to our required proprietary Performance360 custom business management software and any other technologies that we provide.
National Marketing Fund[4]	0.5% of Gross Revenues per month.	Payable daily.	Automatically deducted from daily payout by Franchisor for the Gross Revenues each day.

Type of Fee*	Amount	Due Date	Remarks
			All franchisees will contribute to the National Marketing Fee.
Local Advertising[5]	A minimum of $500 per month.	Payable to third party vendors.	You must spend on local advertising and promotions above and beyond National Marketing Fee. Franchisee must submit an Advertising and Promotional Expense report to Franchisor by the 15th of each month for the prior month expenditures.
Insurance[6]	$1,400 - $4,000 per year	Annually	Commercial general liability insurance, including bodily injury, professional liability, property damage, personal injury, advertising injury, non-owned automobile, loss of business income, and broad form contractual coverage for liability assumed under this Agreement.
Music Licensing[7]	$600 - $2,400 per year	Annually	The designated provider for music licensing shall be Fit Radio.
Accounting Fee	$450 per month	Monthly	As determined by OnePoint Accounting.
Payroll Fee	$100 per month	Monthly	Vendor is ADP. Cost may vary.
Ongoing Training Assistance[8]	Performance 360 reserves the right to charge a fee in the future	As Required	For ongoing training at the franchisee's location
Additional Training Assistance[8]	If the training is provided at the franchisee's location the fee is $1,000 plus expenses; if the training is at our corporate headquarters the fee is $500 per day	As Required	Payable to and collected by Franchisor. We have the right to charge for additional training if: (i) franchisee is not operating their business up to the standards required in the franchise agreement and operations manual (ii) franchisee requests onsite training or additional operations assistance over and above the normal course of training provided by us.
Transfer Fee[9]	50% of the then current Initial Franchise Fee	Prior to the approval of transfer	Payable to and collected by Franchisor.

Type of Fee*	Amount	Due Date	Remarks
			This fee is payable if you sell your Franchise outright. If you transfer it to another entity under Company control, the transfer fee is $2,500. If you are transferring the franchise to an existing franchisee within the franchise system that is approved by us, the transfer fee shall be 25% of the then current initial franchise fee.
Audit Fee[10]	Underpayment amount plus 1.5% interest per month	On Demand	Payable to and collected by Franchisor If an audit is required due to your failure to provide reports, or if an audit reveals an understatement of any amount by 2% or more, you must pay any understated amount to us plus interest and you must reimburse the cost of the audit.
Relocation Fee[11]	$2,500	Upon approval to relocate the franchised location	If you lose your lease or want to move your location. Approval of a relocation is at our discretion.
Franchise Renewal Fee[12]	25% of the then-current initial franchise fee	Before consummating Renewal	Payable to and collected by Franchisor.
Late Fee[13]	10% of amount due	Within 5 days of the date of our statement for amount due	You will pay us a late fee in the amount of 10% if you fail to pay the Royalty and National Marketing Fee within ten days of the due date. You also will be required to pay us a late fee on any other overdue amount beginning with the date payment is due until you pay the arrearage.
Indemnification[14]	All costs including attorney's fees	As Invoiced	You defend suits at your cost and hold us harmless against suits involving damages resulting from your operation of the Business.
Renovation Business[15]	Will not exceed $25,000 every three (3) years	As Incurred	Payable to third parties. We may require you to renovate your Business once every three (3) years.
Product and Vendor Assessment Fee[16]	A minimum of $1,000 for any product or vendor you wish to offer or use in your Business that has not been	On demand	Payable to Franchisor. Franchisor does not guarantee Product or Vendor approval.

Type of Fee*	Amount	Due Date	Remarks
	previously approved by us.		
Prohibited Product or Service[17]	$250 per day	As Incurred	Due if you use unauthorized products or services
Management Fee on Death or Disability[18]	You will be required to pay us 10% of the Gross Revenue in addition to all costs and expenses we incur.	Management fee and expenses will be paid from fees collected by us from operating the Franchised Business	If franchisee breaches the franchise agreement or following the death or incapacity of an owner of the franchise, the franchise may temporarily manage the franchise business
Interest on late payments[19]	The lesser of 1 ½% per month or the maximum amount permitted by applicable law The maximum interest rate in California is 10% annually.	Within 5 days of our statement for amount due	You will pay us interest on any Royalty or National Marketing Fee or other fees due us, which will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual. You also will be required to pay us interest on any other overdue amount beginning with the date payment is due until you pay the arrearages. The maximum interest rate in California is 10% annually.
Alternative dispute fee[20]	To be determined by the American Arbitration Association	At commencement of dispute resolution	Fee for participating in any dispute-resolution process.
Document Preparation Fee	Actual costs and expenses paid by Franchisor	As incurred	All expenses and costs incurred by Franchisor to process any changes or amendments requested by Franchisee.

Notes

*Except as otherwise noted, all fees are uniformly imposed on all franchisees and collect by, and payable to, us (or our designated affiliate). Any fees paid to us are non-refundable unless otherwise noted. We will auto-debit all payments received by you on a daily payout through our software program for all fees you are required to pay us under the Franchise Agreement. We may require you to pay any amounts due under the Franchise Agreement or otherwise by means other than the daily payout (e.g., by check or credit card) whenever we deem appropriate, and you must comply with our payment instructions. If you fail to comply with our payment instructions, we reserve the right to exclude you from participating in

certain programs. In addition, your failure to comply with our payment instructions will be considered a default under the Franchise Agreement.

Note 1. **Pre-Opening in Person Training.** For travel, expenses, and training time with franchisee staff before they open.

Note 2. **Royalty Fee.** You must pay us a Royalty Fee based on Gross Revenue. It is automatically deducted from daily payout by Franchisor from the Gross Revenues each day. The Royalty Fee is 7% of Gross Revenue. The Royalty obligation begins immediately once your Business is open for operation then continues for the term of your Franchise. Your Business is deemed open for operation when you have made your first sale at your soft opening. We reserve the right to require, within 30 days prior written notice, royalties paid by other means, or on a different periodic basis and to require you to reimburse us for any future tax obligations on royalty fees.

Note 3. **Technology Fees.** You will pay a monthly Technology Fee $500 per month. We reserve the right to increase the fee during the term of the franchise agreement.

Note 4. **National Marketing Fund.** The National Marketing Fee of 1/2% of Gross Revenue per month. Payment will be automatically deducted from daily payout by Franchisor at the same time the Royalty Fee is due. We reserve the right to require, with 30 days prior written notice, this fee to be paid by other means or on a different periodic basis, as with Royalty Fees. The National Marketing Fee is in addition to local and regional marketing obligations, and to any assessments made by a local marketing cooperative.

Note 5. **Local Advertising.** You must spend on local advertising and promotions beyond the National Marketing Fee at a minimum of $500 per month. You will also be required to submit to us an Advertising and Promotion expense report by the 15th of each month for the prior month expenses on local advertisements and promotions.

Note 6. **Insurance.** We require you to procure and maintain, at your expense, throughout the term of your Franchise Agreement commercial general liability insurance, including bodily injury, property damage, professional liability, personal injury, advertising injury, non-owned automobile, loss of business income, and broad form contractual coverage for liability assumed under this Agreement. Such insurance shall be on an occurrence basis and shall consist of combined single limit coverage of at least one million dollars per occurrence/two million dollars annual aggregate. You must purchase and maintain worker's compensation and employer's liability insurance with a reputable insurer acceptable to us or with a state agency. You must provide us with one or more certificates of insurance evidencing such coverages and naming us as an additional insured as to each applicable policy. Such certificate(s) of insurance shall provide that the coverages under the respective policy may not be modified (except to increase coverage) or canceled until at least thirty (30) days prior written notice of such cancellation or modification has been given to us. In addition, you must provide us with a true and complete copy of any insurance policy, including all endorsements. Every insurance policy must provide that coverage is primary/non-contributory. Every insurance policy must be with an insurance company that meets our criteria as set forth in the Manual. All insurance shall be written by companies having an A.M. Best rating of A or higher.

Workers Compensation and employers' liability insurance are extra, and you should obtain prices from your state agencies or your insurance agent or broker.

Note 7. **Music Licensing.** You are required to obtain a music license for playing all music at the Business. The designated provider for music licensing will be Fit Radio.

Note 8. **Ongoing and Additional Training Assistance.** For ongoing training at the franchisee's location, we reserve the right to charge a fee based on our then current fees. We may charge you for training additional persons, training newly hired personnel, refresher training courses, advanced training courses and training materials that we provide over time. You must require any of your management team to successfully complete any training program which we designate as mandatory. If the training is provided at the franchisee's location the fee is $1,000 plus expenses; if the training is at our corporate headquarters the fee is $500 per day

Note 9. **Transfer Fee.** The Transfer Fee is 50% of the then current initial franchise fee. If you are transferring to an existing franchisee in the system, the transfer fee is equal to 25% of the then current initial franchise fee. If you are transferring to an entity or between existing shareholders or members or adding a new shareholder or member that is not a majority owner, the transfer fee shall be $2,500. You are required to pay 50% of the transfer fee upon notification of a pending transfer. The remaining 50% shall be paid prior to closing and the entire amount of the transfer fee is nonrefundable. If the transfer does is not completed, we will refund the transfer fee initially paid, less any costs and expenses incurred by us.

Note 10. **Audit Fee.** In addition to paying any underpayment amount and interest at the rate of 1.5% per month, you are required to pay for our audit fees if you fail to timely provide reports or if you underreport your Gross Revenue by 2% or more.

Note 11. **Relocation Fee.** The Relocation Fee is $2,500. You are required to pay the Relocation Fee upon notification of a pending relocation. The Relocation Fee is non-refundable.

Note 12. **Franchise Renewal Fee.** In order to renew your franchise agreement, you are required to pay us a Renewal Fee of 25% of the then-current franchise fee. This is due upon execution of the new franchise agreement.

Note 13. **Late Fees.** Late fees begin within 5 days from the date payment was due, but not received, or date of underpayment.

Note 14. **Indemnification.** You are required to indemnify and hold us harmless regarding any and all claims resulting from the operation of your Business.

Note 15. **Renovation Business.** You will not be required to spend more than $25,000 every three years for renovation of the Business premises.

Note 16. **Product and Vendor Assessment Fee.** You are required to pay a minimum of $1,000 for us to evaluate a different product or vendor you would like to use. We have absolute total discretion in determining if we will approve such product or vendor.

Note 17. **Prohibited Product or Service.** If you use any prohibited product or service, you will pay of fee of $250 per day until you stop using such product or service.

Note 18. **Management Fee on Death or Disability.** If we elect to manage your Business due to death or disability you will be required to pay us 10% of the Gross Revenue in addition to all costs and expenses, we incur.

Note 19. **Interest on late payments.** The lesser of 1 ½% per month or the maximum amount permitted by applicable law.

Note 20. **Alternative Dispute Fee.** This fee is determined by the American Arbitration Association based on their current fee structure.

ITEM 7 ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to Be Made
Initial Franchise Fee[1]	$49,000	$49,000	Upon execution of the franchise agreement	Lump Sum	Payable to Franchisor
Facility Buildout[2]	$50,000	$138,000	As Incurred	As Arranged	Landlord, Lender, or Contractor(s) and Vendors
Equipment[3]	$50,000	$50,000	As Incurred	As Arranged	Vendors, Leasing Companies or Lender
Flooring[4]	$15,000	$25,000	As Incurred	As Arranged	Vendors, Leasing Companies or Lender
Security Deposit and 1st Month of Rent[5]	$10,000	$22,000	As Agreed with Landlord	As Arranged	Landlord
Grand Opening Budget[6]	$10,000	$15,000	As Incurred within first 30 days	As Incurred within first 30 days	Vendors
Signage[7]	$500	$12,000	As Incurred	As Arranged	Vendors, Leasing Companies or Lender
Furniture and Fixtures[8]	$3,500	$5,000	Lump Sum	As Arranged	Payable to Third Party Vendor

Inventory & Supplies[9]	$3,000	$3,500	As Incurred	As Incurred	Third Party Vendor
Business Permits[10]	$0	$1,000	As Incurred	As Incurred	City providing the permits
Utility Deposits	$250	$1,000	As Incurred	As Incurred	Vendors
Professional Fees[11]	$2,500	$5,000	As Incurred	As Arranged	Legal and Accounting Services
Insurance[12]	$1,400	$4,000	As Incurred	As Arranged	Vendors
Pre-Opening In-Person Training[13]	$2,500	$5,000	As Incurred	As Arranged	Payable to Franchisor
Operating Cash on hand[14]	$50,000	$75,000	As Incurred	As Incurred	Employees, Vendors, Utilities, Taxing Agencies, etc.
ESTIMATED TOTAL INITIAL INVESTMENT[15]	$247,650	$410,500			

Notes

* We do not offer direct financing to franchisees. Except where otherwise noted, all amounts that you pay to us are non-refundable. Third party suppliers will decide if payments to them are refundable.

Note 1. Initial Franchise Fee. The Initial Franchise Fee is $49,000 for an individual franchise. The Initial Franchise Fee and Area Development Fee is due upon signing the Franchise Agreement and Area Development Agreement. All fees are non-refundable under any circumstances. We do not offer direct or indirect financing of the Franchise Fee or any other startup costs. The availability and terms of possible financing from third party sources will depend on factors such as availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions. The numbers included in this estimate do not include any finance charge, interest or debt service obligations or your living expenses.

Note 2. Facility Buildout. Some landlords will finance improvements by amortizing them over the term of a lease, with a higher rental amount to cover costs.

If you take over an existing PERFORMANCE360® gym, we may require you to renovate in compliance with our specifications at your cost. This includes but is not limited to furniture, fixtures, interior. The lower number takes into account that the location has some improvements that can be used by you such as

HVAC and flooring. The state of the property that you lease as well as local permitting requirements will determine your buildout cost. It is impossible to say with certainty what that cost would be. Franchisees that achieve the low amount range do so by finding turnkey properties that are in good shape and require minimal work. Franchisees who experience the high amount range do so because they lease property that requires more work. We will help you make this determination for your budget as you view properties.

Note 3. Equipment. These amounts include the gym equipment that you must purchase from our Approved Suppliers. Costs are subject to current supply chain issues at the time of ordering. These amounts are typically non-refundable.

Note 4. Flooring. The estimate includes all flooring and floor mats you will be required to use for the Business. It also refers to raw materials and delivery. It does not include assembly, which we require your contractors your install. That cost is represented in Facility Buildout.

Note 5. Security Deposit and 1st Month of Rent. You must lease or otherwise provide a suitable facility for the operation of the franchised gym. Typically, a PERFORMANCE360® gym will range in size from 2,000 to 4,000 square feet. It is difficult to estimate lease acquisition costs because of the wide variation between various locations. Lease costs will vary based upon square footage, cost per square foot, and required maintenance costs. The low estimate is based on the assumption that you will have to a pay security deposit equal to one month's rent and is based on leasing a facility of 2,000 square feet. The high estimate is based on an assumption that you will have to pay a security deposit equal to two month's rent to lease the facility and is based on leasing a facility of 4,000 square feet at a higher cost per square foot. The estimated range of costs in this category only includes your costs to enter into a lease agreement for the facility.

Note 6. Grand Opening Budget. You are required to hold a Grand Opening, designed for your community and competitive situation. The cost of a grand opening is difficult to estimate with accuracy because of local market factors, including the types of marketing media available, the cost of marketing space or time and the local competitive situation. In most areas, though, you can produce an adequate grand opening range between $10,000 and $15,000.

Note 7. Signage. The estimated figures include our required interior signs and one exterior sign which bear the Marks. The cost of the signs varies depending on the type, size, and location of the sign, and may also be affected by shipping costs, as well as local zoning and other ordinances and regulations and landlord restrictions. If you want additional exterior signs, your cost will be higher. Your signage includes outdoor signage, window signage, and decals for equipment. Your outdoor signage flexibility is determined by your location and landlord. For some locations, signage can be painted and will be a part of "Facility Build Out" and for others, a traditional neon lit sign will be required.

Note 8. Furniture and Fixtures. These amounts include the fixtures, office furniture, office equipment and software. Various items must be purchased from our Approved Suppliers. Includes items like (2) apple tablets, a front desk, storage cubbies, TV monitor to display daily results, mounting fixtures, decorative bulb lights, etc. A required Automated External Defibrillator and Security cameras are included in this cost.

Note 9. Inventory &Supplies. Refers to initial Coach's shirts and uniforms and any initial retail you wish to sell, as well as toilet paper, paper towels, equipment wipes, cleaning products, markers, etc. You are required to have an Automated External Defibrillators (AED) located in your Business.

Note 10. Business Permits. Costs vary based on local governance. While your realtor and franchisor will help you determine any necessary permitting, the ultimate responsibility is on you the franchisee.

Note 11. Professional Fees. Because of the variability of professional fees for attorneys and accountant this is, at best, an estimate. You should check with your attorney and accountant to determine the actual range of fees before signing the Franchise Agreement. Estimated fee includes any cost of legal advice, real estate agent, etc. that you may choose to incur.

Note 12. Insurance. Insurance is required as an upfront yearly payment before a contractor can begin build out. Your policy may or may not be subject to an umbrella policy.

Note 13. Pre-Opening In-Person Training. Cost for franchisor to visit location in person and train staff. $2,500 for local franchisees, $5,000 for non-local franchisees. This cost reflects our time, travel expenses, and overall investment of resources into your opening.

Note 14. Operating Cash on hand. This is an estimate of the amount of additional funds need while you grow membership to profitability and to help with first-year cash flow. Suggested cash amount for your operations while your business ramps up to profitability. These are our conservative estimations and your hiring model, lease, and starting membership will determine your final needs.

Note 15. Estimated Total Investment. We relied on our affiliate's experience in establishing a PERFORMANCE360® Gym to compile these estimates. You should review these figures carefully with a business advisor before deciding to acquire the franchise.

Going Concern Value Not Included

If you purchase an existing operating business from us or from another Franchisee, you should expect to pay, in addition to the estimated initial investment, an amount representing the fair market going concern value of the business. That value might exceed the estimated initial investment. Any purchase of existing business assets and goodwill would be under a separate agreement negotiated between you and the seller.

Service by Affiliate and Others

We may provide certain services to you under the Franchise Agreement by sub-contracting with others, including our Affiliate, to provide them. These arrangements will not result in increased costs to you for the services.

No Refunds.

We will not refund any of the payments you make to us.

ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT
(Area Development Agreement)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is be Made

Estimated Initial Investment[1]	$247,650 - $410,500	As outlined in the table above	As outlined in the table above	As outlined in the table above
Area Development Fee[2]	$25,000 - $75,000	Certified Funds	At time of signing of Area Development Agreement	Us
Total[3]	$272,650 - $485,500			

Notes

Note 1. This amount reflects the total estimated initial investment needed to open your first Gym as outlined in Item 7 above, including the $49,000 Initial Franchise Fee. If you sign an Area Development Agreement, you will pay us an Area Development Fee as described below.

Note 2. The amount of the Area Development Fee will depend on whether you agree to open one additional Gym or three additional Gyms. The low estimate reflects full payment of Area Development Fee for one Gym and the high estimate reflects payment of the entire Area Development Fee for three Gyms.

Note 3. You should be aware that your initial investment for your second and subsequent Gyms likely will be higher than the above estimates for your first Gym due to inflation and other economic factors that may vary over time.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

General

In order to ensure a uniform image and uniform quality of products and services throughout the PERFORMANCE360® System, you must maintain and comply with our quality and system standards. Although you are not required to purchase or lease real estate from us, we will assist you in site selection and we must accept the location of your Gym. You must execute our standard form the Lease Addendum in connection with any lease for the Gym location, a copy of which is attached to the Franchise Agreement as Schedule C. You must construct and equip your Gym in accordance with our then-current approved design, specifications, and standards. In addition, it is your responsibility to ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state, and local laws. You also must use equipment (including hardware and software for your Computer System), signage, fixtures, furnishings, products, supplies and advertising materials that meet our specifications and standards.

Designated Sources

You must purchase certain equipment, products, merchandise and supplies only from us or our required suppliers as noted in this Item 8. From time to time we, an affiliate or a third-party vendor or supplier may be the only approved supplier for certain products. For example, as of the date of this Disclosure Document, you must purchase all trademarked retail items, fitness products and supplies, including apparel and accessories, bags, and mugs, from our preferred vendors. Additionally, you must purchase your uniforms, and certain merchandise, supplies, equipment, and other materials from us. You will pay

the then-current price in effect for all purchases you make from us, our affiliate, or any third-party vender we designate.

Approved Supplies and Suppliers

We will provide you with a list of approved manufacturers, suppliers, and distributors ("Approved Suppliers List") and approved inventory products, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate the Gym ("Approved Supplies List"). The Approved Supplies List may specify a required manufacturer or supplier of a specific product or piece of equipment. We reserve the right to designate a required source of supply for certain products and supplies, and we may be a required source or an affiliate which currently does not exist.

We anticipate expanding the list of required sources for other products and services. You must purchase such products and services from required sources as designated by us from time to time. You must use our designated security camera system where we will have the ability to view your location at any time. The estimated proportion of required purchases by franchisees to all purchases and leases by the franchisee of goods and services in establishing and operating the franchised business is 13.15% payable to the Franchisor.

The lists also may include other specific products without reference to a particular manufacturer or supplier, or they may set forth the specifications and/or standards for other approved products. For example, you must purchase all trademarked retail items, and certain products, select retail items for retail in your gym, apparel, supplies, equipment and materials from us or our designated supplier. As noted below, you must obtain insurance that meets our standards and requirements. We may revise the Approved Suppliers List and Approved Supplies List from time to time. We give you the approved lists as we deem advisable. We generally do not give these lists to approved suppliers. We will provide contact information for your distributors and/or manufacturers of all products offered at the Gym.

Except where we identify a sole single source, if you propose to use in the operation of your Gym any product, supply, material, furnishing or equipment which has not yet been approved by us as conforming to our specifications and quality and system standards and/or from a supplier not yet approved in writing by us, you must first notify us in writing and must submit to us, upon request, sufficient information, specifications, and samples so that we can determine whether the item or service complies with System standards or the supplier meets our supplier criteria. We will provide you with written approval or disapproval within a reasonable time period (typically 30 days). You may not use any product, supply, material, furnishing or equipment that we have not approved.

Supplier approval will depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to pay us or our affiliates for the right to do business with our System. We may inspect or re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to continue to meet our criteria and specifications. As a condition of approval, you and/or any supplier must reimburse us for all costs and expenses incurred by us associated with any testing, including travel, and lodging expenses incurred where we deem it necessary to visit a supplier's facilities.

Nothing contained in this Disclosure Document or in the Franchise Agreement requires us to approve an inordinate number of suppliers of a given item or approve suppliers, which, in our reasonable

judgment, would result in higher costs to our franchisees or prevent, in our sole judgment, our effective and economical supervision of suppliers.

We may derive income through markups of the prices charged to you for products, supplies, computers, software, signage, or services we supply. We may derive revenue through license fees, promotional fees, advertising allowances, rebates or other monies paid by approved suppliers. Because we are a new franchisor, we do not yet know the percentage of our total revenues that will come from your purchases or leases of required products, supplies or services. We do not know the precise basis of these payments because we have never previously collected them. If we require you to buy such items from us, we believe that the price and quality will be comparable to similar items from other sources, and we may take a portion of that revenue to spend on advertising or place in a separate advertising account. If we require you to buy products, supplies or services from a vendor that pays such allowances, we may spend all such fees on related advertising or place them in the separate franchisee advertising account, described in Item 11 below. If we are not required to apply these funds to advertising or place them in a separate franchise advertising account but will use our reasonable discretion in making such decision. No such revenues have been previously received.

We may from time to time suggest prices to be charged by you that, in our judgment, would constitute good business practice. The integrity and goodwill developed in your business and the System may depend upon the sale of products and services at competitive prices and that, therefore, we may specify from time to time, a maximum price for your products and services and you are required to comply with such directions from us concerning maximum prices. You are free to sell or allow to be sold all products and services for a price which is less than the applicable retail price suggested by us. The suggested retail price for products and services may vary from region to region to the extent necessary in order to reflect differences in costs and other factors applicable to such regions.

You must sell the services and any products that are approved by us, and which strictly conform to our specifications. All products and services approved by us must be offered for sale on a continuous basis at your location at the time and in the manner specified by us. No sale of any product or service except those products or services approved by us may be solicited, accepted, or made at or from your Franchisees Business. If requested by us on at least 30 days' notice as part of a general program or standardization effort by us, the marketing of a particular product or service must be discontinued. Then this product or service is no longer an approved product or service.

Insurance

You must carry insurance policies protecting you, us, and our affiliates. The insurance policy or policies shall be written in accordance with the standards and specifications (including minimum coverage amounts) outlined in writing by us from time to time, and, at a minimum, shall include the following (except as different coverages and policy limits may be specified for all franchisees from time to time in writing) (i) "special" causes of loss coverage forms (sometimes called "All Risk coverage" or "All Peril coverage") on the Gym, Gym improvements, furniture, fixtures, equipment, supplies and other property used in the operation of the Gym, for full repair and replacement value, except that an appropriate deductible clause is permitted, (ii) business interruption insurance covering a minimum 12 months loss of income, including coverage for our Royalty Fees (for example, in the event of a fire or destruction of the premises, the insurance must cover our average royalty payments (based on the previous 12 month timeframe, or if a shorter timeframe, the total operating timeframe for the Gym) during the rebuilding process), (iii) comprehensive general liability insurance, including product liability insurance and contractual liability

insurance, (iv) workers' compensation covering all of your employees, (v) motor vehicle insurance, (vi) umbrella liability insurance which also includes employers liability, (vii) "Per Location" aggregate limits when multiple Gym locations are insured under one comprehensive general liability and umbrella liability policy, (viii) PERFORMANCE360 Franchise Group, LLC named as an additional insured on all liability policies required by this subparagraph, (ix) severability of interests or separation of insureds provisions must be included in the liability policies and all policies must be primary and non-contributing with any insurance policy carried by PERFORMANCE360 Franchise Group, LLC, and (x) any other such insurance coverages or amounts as required by law or other agreement related to the Gym. We may from time to time modify the required minimum limits (including an increase to the umbrella policy referenced in (vi) above) and require additional insurance coverages by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the PERFORMANCE360® System, standards of liability and higher damage awards.

The insurance coverages referenced above must commence as of the date you sign a lease or purchase agreement for the Authorized Location (as defined in Item 12)

You must deliver to us upon execution of the lease or purchase agreement for the Authorized Location, but before commencing construction of your Gym, and thereafter annually or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this subparagraph along with complete copies of all insurance policies. The insurance certificate must show our status as an additional insured (as noted in (viii) above) and provide that we will be given 30 days' prior written notice of material change in or termination or cancellation of the policy. If you do not procure and maintain the required insurance coverage (including any modifications referenced in the preceding sentence), we have the right, but not the obligation, to procure insurance coverage and to charge the costs to you, together with a reasonable fee for the expenses we incur in doing so. You must pay these amounts to us immediately upon written notice.

Although we require certain insurance coverage and have recommended other coverages, we do not guarantee that the required or recommended insurance will be adequate to fully protect your assets. You should therefore consult with an insurance professional to determine what coverage, in addition to the minimum required coverage, may be needed for you and your Gym.

We and our affiliates reserve the right to receive rebates or other consideration from suppliers in connection with your purchase of trademarked merchandise, goods, products, and services as described in this Item 8, as well as in connection with any future purchase of any goods, products, or services. Most of these payments are calculated on an amount based on products sold. We will retain and use such payments as we deem appropriate or as required by the vendor. As of the date of this Disclosure Document, we have not received any rebates from any of our required or approved suppliers.

We may negotiate prices for numerous products for the benefit of the System but not on behalf of individual franchisees. Currently, there is no purchasing or distribution cooperative, but we reserve the right to create a cooperative and require you to participate. We may receive volume discounts for the System which we will pass through to our franchisees. Beyond these discounts, we do not provide material benefits to you because of your use of approved 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.

Obligations	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 2A and 5A; Area Development Agreement Section VIII	Item 7 and 11
b. Pre-opening purchases/leases	Section 5A, 6A, 6E and 9B	Items 5, 6, 7, and 8
c. Site development and other pre-opening requirements	Sections 5A and 5B; Area Development Agreement Section I	Items 7, 8 and 11
d. Initial and ongoing training	Sections 7B and 7C; Area Development Agreement Section XII	Items 6 and 11
e. Opening	Sections 2B and 5A; Area Development Agreement Section I	Items 5 and 11
f. Fees	Sections 2B and 5A; Area Development Agreement Section II	Items 5, 6 and 7
g. Compliance with standards and policies/Operations Manual	Section 6A and 6O; Area Development Agreement Section XII	Items 6, 7, 8, 11, 14 and 16
h. Trademarks and proprietary information	Sections 3A-3E and 6J; Area Development Agreement Section VII	Items 13 and 14
i. Restrictions on products/services offered	Sections 2D-2E and 6A-6C	Items 6, 7, 8, 11 and 16
j. Warranty and customer service requirements	Section 2E and 6K	Items 6 and 11
k. Territory development and sales quotas	Sections 2B and 2D; Area Development Agreement, Section IV	Item 12
l. Ongoing product/service purchases	Section 6A-6C	Items 6, 7 and 8
m. Maintenance, appearance, and remodeling requirements	Section 5B-5F	Items 8 and 11
n. Insurance	Section 10C	Items 6, 7 and 8

o. Advertising	Section 8A-8E and 9D	Items 6, 7 and 11
p. Indemnification	Section 10B	Not Applicable
q. Owner's participation/management/staffing	Sections 7A-7F	Items 11 and 15
r. Records and reports	Sections 9G, 9J and 9K	Item 11
s. Inspections and audits	Sections 5A-5C, 6G and 9I	Items 6 and 11
t. Transfer	Section 11A-11G; Area Development Agreement Section XI	Items 6 and 17
u. Renewal	Section 4B	Items 6 and 17
v. Post-termination obligations	Sections 14A-14C; Area Development Agreement Section IX	Item 17
w. Non-competition covenants	Section 10D	Item 17
x. Dispute resolution	Sections 12A-12B; Area Development Agreement Section XIX	Item 17
y. Other	Not Applicable	Not Applicable

*Unless otherwise noted, Section references are to the Franchise Agreement.

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation. We may assist franchisees in obtaining financing in the future through our approved vendors.

We do not offer financing for any items. Should we establish relationships with sources of possible financing, we would make the information available to you. We are on the Frandata Registry and the US SBA Franchise Directory to allow you a more streamline review process when applying for an SBA loan. Financing availability and qualification requirements would probably change and vary widely. If we make financing available to you, we or our Affiliate(s) would expect to make a profit from it. We do not require you to obtain financing from us or our Affiliate(s).

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

Except as listed below, PERFORMANCE360 Franchise Group, LLC is not required to provide you with any assistance.

Pre-Opening Assistance

Before you open the Gym, we will:

1. Designate your Territory or Approve Site

If we have not already approved a site for the franchised Gym before signing the Franchise Agreement, we will designate the area in which you must locate the franchised Gym provide you with our criteria for site selection, general building and design requirements and evaluate sites you propose for the location of the franchised Gym. We do not generally own and/or lease Gym premises to franchisees. You select the site for your franchise in your Territory. We approve or disapprove your proposed site. We have 30 days from your written proposal to approve or disapprove any site you propose. We shall approve or disapprove sites in writing. Provide you with site selection assistance and support (Franchise Agreement Sections 5A and 5B.)

When you enter into a letter of intent ("LOI") for your approved site, you will be required to retain our Approved Vendor for a lease review. Franchisee shall provide Franchisor a fully executed lease agreement with all exhibits or attachments within ten (10) days from Franchisee receiving the same from landlord.

When you are considering a site for your Gym franchise we consider the following factors in approving site: the size of your Territory, the market potential and estimated volume of your business, the general location, neighborhood, and nearness of customers, Center visibility, co-tenants, attractiveness, size of the space, age and condition of the shopping center, or building, the location and convenience of the entrances, the availability of parking, the availability of location and necessary zoning the location of competitors, expected overhead, lease terms, lease rate, and traffic patterns.

We will advise you of any mandatory specifications, architectural and design plans, floor plans and layouts to you for your business at the accepted location. You will be required to conform your business to local zoning ordinances, regulations, fire, health and building codes. We may, if needed, review your architect's final plan. It is your responsibility to comply with all laws, ordinances, and regulations, zoning and building codes for your Business.

2. Provide you with written specifications for all computers, software, signage, furnishings, and fixtures for your Business. You are obligated to repair and maintain all computers and related software necessary for the operations of your Business. You will be responsible for these expenses as these expenses are necessary for operation of your Business. We will deliver written specifications for all of the above and you are responsible for installing these items. You are required to purchase the items above from us or our designated third-party vendor, our affiliates, or our approved vendors and/or suppliers and provide us with full and direct electronic access (at all times) to all of your computers.

3. Provide you with the Approved Supplies and Approved Suppliers Lists (Franchise Agreement Section 6C.)

4. Loan you either a written copy or electronic copy of the Operations Manual, the current table of contents of which is in Exhibit E. As of the date of this Disclosure Document, the Operations Manual contains 189 pages (Franchise Agreement—Section 6I).

5. Provide you initial training (the "Orientation Training Program") and opening assistance described below (Franchise Agreement Sections 7B and 7C.)

6. Inspect your Gym before opening and provide a Certificate of Opening. A Certificate of Opening may be obtained only after all local permits, certificates and codes have been met and a

certificate of occupancy has been granted. If you do not pass your initial inspection, you will be charged for all costs and expenses incurred by us in sending an inspector to re-inspect your Gym. We estimate that this amount will not exceed $1,500.00 (Franchise Agreement Section 5A)

Post-Opening Assistance

During your operation of the Gym, we will:

1. Maintain and administer the Marketing Fund (Franchise Agreement-Section 8A.)

2. Provide updates to the Approved Supplies and Approved Suppliers Lists (Franchise Agreement Section 6C.)

3. Make periodic visits to your Gym as we reasonably determine necessary to provide consultation and guidance. We will advise you of any problems arising out of the operation of your Gym as disclosed by the report or by our evaluation (Franchise Agreement Section 6G.)

4. Periodically offer refresher training courses as we determine necessary and require you to attend (Franchise Agreement Section 7C.)

5. Franchisor will provide franchisee the minimum and maximum pricing for all products and services based on location competition and overall demographics.

6. Franchisor will provide franchisee ongoing business coaching and mentorship at every stage of business.

7. Determine how many classes franchisee needs to open based on membership size. A minimum and maximum number of classes will be enforced.

Our Obligations Under the Area Development Agreement.

A Developer signs the initial Franchise Agreement in the Development Schedule at the time the Area Development Agreement is signed. Our obligations under the Franchise Agreement apply to a Developer. Each time a Developer signs another Franchise Agreement, our obligations are activated for the new Gym established. We do not have any separate obligations under the Area Development Agreement.

Time of Opening

We estimate that it will take approximately three months after you sign a lease for your Gym before you open the Gym. You must open your Gym for business within 9 months from signing the franchise agreement, with any additional units within twelve (12) months from the opening of the previous location. If you fail to open the Gym within 9 months from signing the franchise agreement, we may at our option terminate the Agreement and your franchise fee will not be refundable. You must sign a lease for an acceptable site within 90 days after the Franchise Agreement's Effective Date. If you sign an Area Development Agreement you will be required to pay the total Area Development Fee at the time you sign

the Area Development Agreement, you will have four years and nine months to open three Gyms. The specific timetable for opening depends on the site's condition, the Gym 's construction schedule, the extent to which you must upgrade or remodel an existing location, the delivery schedule for equipment and supplies, the completion of training, and your compliance with local laws and regulations. You may not open the Gym until (1) we inspect your Gym and provide you with a Certificate of Opening, (2) you complete our Orientation Training Program to our satisfaction, (3) you pay the initial Franchise Fee and other amounts then due to us, and (4) you give us certificates for all required insurance policies, complete copies of all insurance policies and present copies of required licenses.

Local Advertising

As of the date of this Disclosure Document, you must spend Local advertisement and Promotional Fee (the "Local Advertising Fee") a minimum of $500 per month, for local advertising to promote your franchise in your local market. You may only use your own marketing material if we have approved it before its' used. We will notify you of our approval within 30 days after the marketing material is submitted. If we do not notify you of our approval within 30 days of the marketing material being submitted, then the marketing material will be deemed unapproved.

You must submit an Advertising and Promotional Expense report to us by the 15th of each month for the prior month's advertising expenditures.

Marketing Fund

To assist in our regional and national advertising, we have developed a System-wide Marketing Fund, and you must contribute ½ % of Gross Revenues per week to the Marketing Fund. We will administer the Marketing Fund. The Marketing Fund is not a trust or escrow account, and we do not have any fiduciary obligations with respect to the Marketing Fund. If all of the Marketing Fees are not spent in the fiscal year in which they accrue, the remaining amounts are retained in the Marketing Fund for use in the following years. We may use the Marketing Fund for various purposes, including, but not limited to: (1) salaries, benefits and any other payments made to employees/team members or any other individual or entity providing services to the Marketing Fund, (2) broadcast or print advertising, (3) the creation, development and production of advertising and promotional materials (*i.e.,* print ads, radio, film and television commercials, videotapes, direct mail pieces, and other print advertising), (4) any marketing or related research and development, (5) advertising and marketing expenses, services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies, customer incentive programs, sponsorships, marketing meetings and sales incentives, development of our website and intranet system, Internet access provider costs, subscriptions to industry newsletters or magazines, and administrative costs and salaries for marketing support personnel, and (6) costs and expenses incurred by us relating to any franchise convention we hold or sponsor.

We determine the use of the monies in the Marketing Fund. We are not required to spend any particular amount on marketing, advertising, or promotion in the area in which your Gym is located. We oversee the advertising program and use the Marketing Fund to create marketing materials and conduct national, regional, or local advertising as we determine appropriate. We will not be required to contribute to the Marketing Fund amounts equal to your required percentage for each similarly situated company owned and affiliate-owned Gyms in the same local marketing area, except those Gyms located at "Special Sites." From time to time we may contribute to the Marketing Fund some amounts paid to us by outside suppliers. We will prepare an annual unaudited accounting of the Marketing Fund and will make it

available for your review upon your written request. We have our own in-house marketing and advertising production capabilities, but also may use an outside national, regional, or local agency. We may be reimbursed for administrative costs and overhead incurred in administering the Marketing Fund.

No marketing funds will be used for solicitation of new franchisees.

Grand Opening Marketing Campaign

You are required to begin your Grand Opening Marketing Campaign with our designated vendor upon signing your lease, or a later date that we decide. You may not choose your own marketing vendor. Specifically, you must spend a minimum of $10,000 to $15,000 on a grand opening campaign which will include promotional elements, merchandise/giveaways, entertainment, decorations, and labor (the "Grand Opening Marketing Campaign"). Your grand opening marketing expenditures will count towards your first year's local advertising requirements.

You will be required to submit your grand opening marketing and advertising plan to us for review and approval prior to its implementation. You must obtain our written approval of all promotional and marketing materials prior to their use. You shall also obtain our written approval for all grand opening expenditures.

We administer the Marketing Fund, which is not audited. If contributions paid into the Marketing Fund are not spent in the fiscal year in which they accrue, we can use the remaining amounts for the same purposes in future years. All interest earned on monies contributed to the Marketing Fund may be used to pay advertising and technology development costs before other assets of the Marketing Fund are expended. Marketing Fund contributions are not used to sell additional franchises. We will prepare an annual un-audited statement of monies collected and costs incurred by the Marketing Fund and furnish it to you upon written request. All financial statements will be available 120 days after the end of our fiscal year. We reserve the right not to spend all of the funds in the System Advertising Fund in any one year, and such funds may be accrued into the next year.

We expect to receive advertising and promotional allowances and fees from third party vendors and advertisers who enter into cooperative advertising programs with franchisees and us. For example, suppliers may pay promotional allowances for joint advertising promotional material. We may disclose the identity of vendors who pay the promotional allowances to you upon request. In addition, if we require you to buy items from a vendor who pays these allowances, we may place the funds in the System Advertising Fund or spend it on related promotions. Our obligation to provide advertising and marketing will be limited in cost to the amount of contributions and promotional allowances from third parties actually paid into the System Advertising Fund.

We do not now, but may require you to join, participate in and pay into, one or more franchisee marketing councils for your region, determined by the penetration area of local advertising media used (for example, the area of a regional newspaper's circulation). Because, we have not yet formed any franchisee marketing councils, we do not know how the area, or the membership of any franchisee marketing council will be determined. Because we have not formed any franchisee marketing councils, we have not determined whether or not any of our company-owned businesses will be contributing to any advertising spent by any franchisee marketing council. In the event that we choose to establish a franchisee marketing council, we will be responsible for administering it. If we do create a franchisee marketing council, they must operate in accordance with bylaws (or an operating agreement if it is a

limited liability company). If we do create any franchisee marketing councils, the franchisee marketing council will prepare annual unaudited financial statements that you can review. We will have the right to form, dissolve, and merge any specific franchisee advisory council.

Computer System and Point-of-Sale

You must obtain and use in your Gym, a PERFORMANCE360 approved Point-Of-Sale system. It will be an internet cloud-based system used on a tablet. This proprietary software is required for Franchisees, (the "POS System") You must record all sales on the POS System. The POS System requires a monthly subscription and is part of the technology fee of $500 a month. The POS System needs two stations/tablets. You will be solely responsible for the acquisition, operation, maintenance, and upgrading of the POS System. Neither we, nor any affiliate or third party, is obligated to provide ongoing maintenance, repairs, upgrades, or updates for the POS System. We will be doing any updates on the software; Franchisee is not required to update anything other than update the app used.

We reserve the right to change the POS System and back-of-office computer at any time but will not require you to replace these items more than three times during the initial term of the Franchise Agreement. We reserve the right to change the software each calendar year. At such time as we designate the change or enhancement to the POS System you may be required to make certain payments to us or our designated suppliers. You will have 30 days to install and commence using the changed or enhanced POS System. You must acquire the right to use hardware, software, peripheral equipment, and accessories, and arrange for installation, maintenance, and support services of the initial, changed, or enhanced POS System all at your cost. There are no contractual limitations on the frequency and cost of this obligation.

We or a third-party vendor approved by Franchisor may independently access the POS System and retrieve, analyze, download, and use all software, data and files from the Gym or used on the POS System. We may access the POS System through our intranet, in your Gym or from other locations. You must capture all data and information that we designate and report data and information in the manner we specify, including through our intranet or other online communications. You also must have your Gym connected to the Internet using a connection method we approve, currently DSL or Cable modem. You must have a permanent Internet email account.

You understand that the data storage, phone line, modem, communication software, Internet access, Internet email account and all additional hardware and software needed to implement and maintain these services is at your cost.

Site Selection

You select the site for the Gym with site selection guidelines we provide. We will assist you in connection with selecting and securing a site for your Gym, but it is your responsibility to find a site for your Gym. We do not select your site. However, upon your submission of all required information, we will notify you whether or not we have any objections to the site you proposed. You may not proceed to develop a Gym on the site unless we have provided you with our acceptance of the site. Further, we must approve your plans and specifications for the Gym prior to the time you commence construction. The site selection factors considered by us in deciding whether or not to object to the location may include the following: (a) demographics, (b) traffic patterns, (c) parking and visibility, (d) business mix and competition, (e) ability to reflect the image to be portrayed by PERFORMANCE360 Gyms, and (f) size,

appearance, and other physical characteristics of the site. We may reject a site proposed by you in which case you will continue to look at alternative sites.

You have up to 60 days to select a site and sign a lease. If the site selection cannot be agreed upon within this timeframe, we reserve the right to terminate the Franchise Agreement.

Training/Education

Before you open your Gym, we will train you and your Staff to operate a PERFORMANCE360® Gym. Depending on your background and skill level you will be required to attend one to two (1-2) days of training (although the specific number of days depends on our opinion of your experience and needs) on-site at your Gym space. The on-site training may be one to two (1-2) days and the cost is determined by distance of location, not length of time. Attendance is mandatory for all owners and employees.

Online. We have an online training platform that all owners, head coaches, and coaches must complete before opening. It includes video coursework specific to Performance360 coaching, brand philosophies, and operational procedures, and finishes with a final exam that all hired employees and franchisee owners must complete at least two weeks before scheduled opening date. All hired employees must be compensated for their time by the franchisee.

Phone/Video. Owners may also be required to have a series of one-on-one phone calls/video meetings with us discussing various topics of importance, after you sign and before opening.

Pre-Opening Training. At least one person from our Zor team will visit the site to train coaches and staff, as well as administer a final walkthrough and approval. All hired employees are required to be present, including you the franchisee, and all hired employees must be compensated for their time by the franchisee.

Training will occur after you sign the Franchise Agreement and while you are developing the Gym. You and your attendees must complete the entire training program to our satisfaction before you may open your Gym. If you or your attendees do not successfully graduate our training program, you will have to attend the entire program again at your cost before the opening of your Gym. The training will occur on site at your Gym space. As of the date of this Disclosure Document, we provide the following training:

TRAINING PROGRAM

DAY 1: Brand Training	
Class Timelines	30 Minutes
Program Design	30 Minutes
Member Interaction Brand Standards	3 Minutes
How to Perform a Walkthrough	2 Hours
Trials and New Members	30 Minutes
General Best Practices	2 Hours
DAY 2: Technical Coaching	
How to Coach P360 Main Movements	5 Hours
Reviewing Common Faults	1 Hour
Reviewing Common Progressions	1 Hour

Operations Manual

The Table of Contents of the Operations Manual, together with the number of pages in each Section and the total number of pages (189), is included in Exhibit E. You must treat the Operations Manual, and other written materials created for or approved for use in the operation of the Gym, and the information contained in them, as confidential. The Operations Manual will remain our sole property. We may, from time to time, revise the contents of the Operations Manual and you must comply with each new or changed standard.

ITEM 12 TERRITORY

You will operate the Gym at a specific location that we first must approve (the "Authorized Location"). Except for Special Sites, we will not during the term of your franchise operate or grant others the right to operate a PERFORMANCE360® Gym within a specified geographic area (As "Designated Territory"), except as generally described in this Item 12 and more fully stated in the Franchise Agreement. You do 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.

The boundaries of your Designated Territory will depend upon population density, demographics, any major topographical features which clearly define a contiguous area, like rivers, major freeways, with an assigned zip code. No other franchisees will be located in the zip code that you are assigned.

During the term of your Franchise Agreement and provided you are in compliance with the terms and conditions of your Franchise Agreement, we will not (i) modify the Designated Territory, (ii) establish a company-owned or franchised PERFORMANCE360® Gym inside the Designated Territory, or (iii) establish a company-owned or franchised Gym inside the Designated Territory that offers the same products and services as your PERFORMANCE360® Gym, except for any Merger/Acquisition Activity (as described and defined below).

You may operate the Gym only at the Authorized Location and may not relocate the premises without our approval. If you lose possession of the original Gym's premises because the lease expired by its terms, or on account of condemnation or eminent domain proceedings, or as the result of early termination under the Franchise Agreement, you must initiate the relocation procedure in time to lease,

build-out and open the new Gym for business within 60 days after the original Gym closes. If your lease is terminated on account of a fire or other casualty, you must initiate the relocation procedure in time to lease, build-out and open the new Gym for business within 120 days after the lease for the original Gym terminates. We will allow relocation if circumstances dictate that it is in your and our best interests.

We retain all rights that are not expressly granted to you under the Franchise Agreement. The license granted to you under the Franchise Agreement does not provide you with any right to (i) sell products identified by the Marks at any location outside the Designated Territory, (ii) sell products through alternative channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce), (iii) sell products identified by the Marks to any person or entity for resale or further distribution, except as we may designate in writing, or (iv) exclude, control or impose conditions on our development of future franchised, company or affiliate-owned Gyms at any time or at any location regardless of the proximity to your Designated Territory.

Further, we may, among other things, on any terms and conditions we deem advisable, without paying compensation to any franchisee, and without granting you any rights therein:

(i) establish and/or license others to establish franchised or company-owned Gyms at any location outside your Designated Territory regardless of the proximity of such Gyms to your Designated Territory,

(ii) merge with, acquire or become associated with ("Merger/Acquisition Activity") any businesses or Gyms of any kind under other systems and/or other marks, which businesses and Gyms may convert to or operate under the Marks and may offer or sell fitness products and services that are the same as or similar to the fitness products offered at or from the Gym, and which Gyms may be located anywhere inside or outside of your Designated Territory, and

(iii) offer, sell, and distribute for ourselves and/or license others to offer, sell and distribute through franchised businesses or any other method of distribution, both inside and outside your Designated Territory, products, and services the same as or different from the products and services offered under the System, and which are offered and distributed under the Marks or marks different than the Marks through any distribution channels or methods. The distribution channels or methods include, without limitation, business, or industry locations the Internet (or any other existing or future form of electronic commerce).

Special Sites are also excluded from your Designated Territory, and we have the right to develop or franchise the following Special Site locations (1) military bases, (2) public transportation facilities, (3) sports facilities, including racetracks, (4) student unions or other similar buildings on college or university campuses, and (5) special events (collectively "Special Sites").

We do not place any restrictions on the customers you may solicit. You do not, however, have the right to use other channels of distribution to make sales.

Multi-Unit Agreement

The rights described above regarding what we and our affiliates can do for a single Gym are generally the same if you sign an Area Development Agreement. 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. In addition, we may terminate the Area Development

Agreement if you (i) fail to exercise options to enter into Franchise Agreements with us within any period on the Development Schedule, (ii) fail to comply with any other terms and conditions of the Area Development Agreement, (iii) make or attempt to make a transfer or assignment in violation of the Area Development Agreement, or (iv) fail to comply with the terms and conditions of any individual Franchise Agreement or of any other agreement to which you and we or our affiliates are parties

ITEM 13 TRADEMARKS

Under the Franchise Agreement, we grant you the non-exclusive right to use the Marks in connection with the operation of your Franchise. Our principal trademark is PERFORMANCE360™. We have the right to use and to license others to use the Marks and under any other trade name, trademarks, service marks, taglines and logos currently used or that may hereinafter be used in the operation of the Business. You must use the Marks only for the operation of your Franchise and in the manner authorized by us.

The Standard Character Mark "PERFORMANCE360" was registered on the principal register of the United States Patent and Trademark Office (referred to as "USPTO") on May 22, 2012. The Standard Character Mark "Become More" was registered on May 15, 2018. Both Standard Character Marks are owned by PERFORMANCE360 Assets, LLC.

Mark	Registration Number	Registration Date
PERFORMANCE360®	4146434	May 22, 2012
BECOME MORE®	5469329	May 15, 2018

You must follow our rules when you use the Marks, including giving proper notices of trademark and service mark registration and obtaining fictitious or assumed name registrations required by law. You may not use any Mark in your corporate or legal business name, with modifying words, terms, designs, or symbols (except for those we license to you), in selling any unauthorized services or products; or as part of any domain name, homepage, electronic address, or otherwise in connection with a Web site.

Schedule B to your Franchise Agreement identifies the Marks that you are licensed to use. We have the right to change Schedule B from time to time. Your use of the Marks and any goodwill is to our exclusive benefit, and you retain no rights in the Marks. You also retain no rights in the Marks upon expiration or termination of your Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing. We may change the System presently identified by the Marks, including the adoption of new Marks, new fitness products, new equipment, or new techniques, and you must adopt the changes in the System as if they were part of the Franchise Agreement at the time of its execution. You must comply within a reasonable time, at your expense, if we notify you to discontinue or modify your use of any Mark. We will have no liability or obligation as to your modification or discontinuance of any Mark, except that we will reimburse you for your out-of-pocket expenses, including letterhead, in an amount not to exceed $250.

There are currently no material determinations of the U S Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court, or any pending infringement, opposition, or cancellation proceedings involving the principal Marks. There is no material federal or state court litigation regarding our use or ownership rights in any trademark.

Except as described above in this Item 13, there are no currently effective agreements that significantly limit our rights to use or license the use of these trademarks.

We will protect your right to use the Marks against claims of infringement or unfair competition arising out of your proper use of the Marks. You must notify us of the use of, or claim of rights to, a trademark identical or confusingly similar to our Marks. We have the right to determine whether or not we will take affirmative action when notified of these uses or clause and the right to exclusively control any litigation or proceedings. You are required to assist us in the prosecution of such litigation or proceedings. We will reimburse you for all actual damages (other than loss of income) and out-of-pocket expenses incurred by you in connection with any claim by any third party for infringement or unfair competition arising out of your use of the Marks, however, our obligations to reimburse you will exist only if you have used the name or Mark that is the subject of the controversy in strict accordance with the provisions of this Agreement and our rules, regulations, procedures, requirements, and instructions, and have notified us of the challenge as stated above and have otherwise fully cooperated with us in the defense of any action.

We know of no superior prior rights or infringing uses that could materially affect your use of the trademarks in the state where your franchise business will be located.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

As of the date of this Disclosure Document, we do not own any rights in or to any patents, patent applications or copyrights that are material to the franchise. We claim copyright protection for our Operations Manual and other publications and promotional materials, although we have not registered any of the materials with the United States Copyright Office. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement, Operations Manual, and other communications that we provide to you. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There currently are no effective determinations of the Copyright Office (Library of Congress), United States Patent & Trademark Office, Board of Patent Appeals & Interferences, or any court, or any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any patents or copyrights. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. We are not required by any agreement to protect or defend any patent, trademark, or copyright.

We know of no superior prior rights or infringing uses that could materially affect your use of the copyrights in the state where your franchise business will be located.

Our Operations Manual and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). This information includes site selection criteria, training and operations materials, methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating PERFORMANCE360® Gyms, marketing and advertising programs for PERFORMANCE360® Gyms, any computer software or similar technology that is proprietary to us or the system, knowledge of specifications for and suppliers of Approved Suppliers and other products and supplies, knowledge of the operating results and financial performance of PERFORMANCE360® Gyms other than your Gym, and graphic designs and related intellectual property.

All ideas, concepts, techniques, or materials concerning a PERFORMANCE360® Gym, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the system,

and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you assign ownership of that item, and all related rights to that Item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the Item.

You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent improper disclosure to others and use non-disclosure and noncompetition agreements with those having access. We may regulate the form of agreement that you use and will be a third-party beneficiary of that agreement with independent enforcement rights.

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

The day-to-day operations of your PERFORMANCE360® Gym must be managed at all times by you (or your Operating Partner as defined below) or a "Head Coach" who has satisfactorily completed our training program and exhibits the skills necessary to uphold the standards as imposed by Franchisor. Your Head Coach need not have an equity interest in the business but must agree in writing not to compete against us and to preserve confidential information to which they have access and not to compete with you, us, and other franchisees. We may regulate the form of agreement that you use and be a third-party beneficiary of that agreement with independent enforcement rights. Certain other employees may also be required to enter into an agreement not to compete against PERFORMANCE360® Gym in similar businesses or other systems while employed by you, and for 12 months after employment, and an agreement not to reveal confidential information obtained during the course of their employment with you.

You are required to inform us immediately of a change of the Operating Partner of your business operation.

You must attend any annual meeting, convention or conference of franchisees and all meetings related to new products, new operational procedures or programs, training, management, sales or sales promotion or similar topics that we offer, at your own expense. We do not anticipate requiring franchisees to attend meetings for more than ten days during any calendar year. You are responsible for all related travel and living expenses associated with attending any additional meetings, conventions, or conferences. As of the date of this Disclosure Document, the location, duration, frequency and content of any additional meetings, conventions, or conferences we require you to attend is unknown and will depend on the frequency with which new products or services are introduced to the System.

If you are, or at any time during the term become, a business corporation, partnership, limited liability company, or other legal entity, you must designate an "Operating Partner." Your Operating Partner must be an individual who (a) owns and controls not less than 30% of the equity and voting rights, (b) has completed our initial training program, and (c) has the power and authority to bind you in all dealings with us. If you are a corporation, limited liability company, or partnership, your owners must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. This "Guaranty and Assumption of Obligations" is included with your Franchise Agreement.

ITEM 16 RESTRICTIONS ON WHAT FRANCHISEE MAY SELL

You must offer and sell all products and perform all services that we require for PERFORMANCE360® Gyms. You may not offer or sell any products or perform any services that we have not authorized. We have the unlimited right to change the required and/or authorized products and services you may offer.

You may not offer for sale any services or other products through the Internet or other online programming or marketing. You are not otherwise limited in the customers to whom you may sell products or services.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 2.1	Ten years from the Effective Date of your Franchise Agreement.
b. Renewal or extension of the term	Section 4B	Renewal for two additional term(s) of 5 years each.
c. Requirements for franchisee to renew or extend	Section 4B	You give us written notice of your decision to renew at least 6 months but not more than 12 months before the end of the expiring term, you sign our then current form of franchise agreement, you have complied with the modernization requirements for your Gym, you are not in default and have satisfied your obligations on a timely basis, if leasing, you have written proof of your ability to remain in possession of the Gym premises throughout the renewal term, you comply with our training requirements, you pay us a renewal fee, and you sign a release. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
d. Termination by franchisee	Section 13C	You may terminate the Franchise Agreement only for a material breach by us, provided you give us written notice of the breach and allow 30 days to cure such breach.
e. Termination by franchisor without cause	Section 2A and 13B	If you fail to locate a site for your Gym within 12 months after signing the Franchise Agreement or you fail to complete our training program within

		180 days after commencement, we may terminate the Franchise Agreement.
f. Termination by franchisor with cause	Section 13A and 13B	We can terminate the Franchise Agreement only if you default or fail to comply with your obligations.
g. "Cause" defined – curable defaults	Section 6.1	You have 10 days to cure the non-submission of reports and nonpayment of amounts due and owing, and 30 days to cure defaults for the failure to abide by our standards and requirements in connection with the operation of your business, or failure to meet any requirements or specifications established by us, and any other default not listed in (h) below.
h. "Cause" defined – non-curable defaults	Sections 2A, 5A, 5B, 5D, 9I,13A, 13B and 15P	Non-curable defaults include any material misrepresentation or omission in your application for a franchise, abandonment, loss of lease, the failure to timely cure a default under the lease, the loss of your right of possession or failure to relocate, closing of the Gym, the closing of the Gym by the authorities for health or public safety reasons, unauthorized use of confidential information, your insolvency, unapproved assignments or transfers, defaults that materially impair the goodwill associated with any of the Marks, criminal convictions, intentionally (or unintentionally in two or more occasions) understating or underreporting Gross Sales or other fees, multiple defaults, you employ or seek to employ, directly or indirectly, any person who is at the time or was at any time during the prior 6 months employed in any type of managerial position by us, our affiliates, or by any franchisee in the system, or failure to cure within 24 hours of notice a default which violates any health, safety or sanitation law or regulation or any system standard as to food handling, cleanliness, health or sanitation
i. Franchisee's obligations on termination/non-renewal	Section 7	Obligations include complete de-identification and payment of amounts due, assignment of lease and telephone numbers upon our demand, return of Operations Manual and confidential information, proprietary materials, and related writings, and right to purchase assets of the Gym (also see (o) and (r) below).

j. Assignment of contract by franchisor	Section 11G	No restriction on our right to assign.
k. "Transfer" by franchisee definition	Section 11A	Includes any transfer of your interest in the Franchise Agreement or in the business or any ownership change listed in Section 11A of the Franchise Agreement
l. Franchisor approval of transfer by franchisee	Section 11B	We have the right to approve all transfers but will not unreasonably withhold approval
m. Conditions for franchisor approval of transfer	Sections 11B-11D	Transferee meets all of our then-current requirements for new franchisees, transfer fee and any applicable training fee paid, all amounts owed by prior franchisee paid, required modernization is completed, training completed, transferee executes then current form of franchise agreement (modified to reflect that agreement relates to a transfer), required guarantees signed, necessary financial reports and other data on franchise business is prepared, release signed by you, full compliance of your obligations under all Franchise Agreements executed between you and us, and other conditions that we may reasonably require from time to time as part of our transfer policies (also see (r) below)
n. Franchisor's right of first refusal to acquire franchisee's business	Section 11F	We can match any offer for your Gym's assets and, in the case of a proposed stock sale, we can purchase your Gym assets at a price determined by an appraiser, unless you and we agree otherwise.
o. Franchisor's option to purchase your business	Section 14B	Upon termination, we have the right (but not the obligation) to purchase or designate a third party that will purchase all or any portion of the assets of your Gym, including the land, building, equipment, fixtures, signs, furnishings, supplies, leasehold improvements, and inventory. Qualified appraiser(s) will determine price as set forth in the Franchise Agreement.
p. Death or disability of franchisee	Section 11E	You can transfer your franchise rights to your heir or successor in interest like any other transfer, provided the person satisfies our training requirements and other transfer conditions, but if assignee is your spouse or child, no transfer fee is required.

q. Non-competition covenants during the term of the franchise	Section 10D	Except as we otherwise agree to in writing, no direct or indirect involvement in the operation of any Competing Business (defined in (r) below) other than the one authorized in the Franchise Agreement.
r. Non-competition covenants after the franchise is terminated or expires	Section 10D	No direct or indirect involvement in a Competing Business for two years (i) at the premises of the former Gym (ii) within 25 miles of the former Gym or (iii) within 25 miles of any other business or Gym using the System. A Competing Business for purposes of the post-term non-compete includes any business where 10% or more of its sales includes strength and conditioning.
s. Modification of the agreement	Section 15B	No modification unless agreed to in writing by both parties.
t. Integration/merger clause	Section 15B	Only the terms of the Franchise Agreement are binding (subject to state law) Any representations or promises made outside the Franchise Agreement or this Disclosure Document may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 12	Except for certain claims, all disputes must be mediated or arbitrated in the city closest to where our headquarters are located (currently, San Diego, California) (subject to state law)
v. Choice of forum	Section 15.I	Litigation must be in the applicable federal or state court where our headquarters are located (currently, California) (subject to state law)
w. Choice of law	Section 15H	Except for claims under federal trademark law, and the parties' rights under the Federal Arbitration Act, the law of the state where the Franchisee's Gym is located will govern (subject to state law)

ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote our Franchise System. However, we may us public figures in the future.

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.

We compiled our information for affiliate owned PERFORMANCE360® Gyms from the internal, unaudited financial statements of our affiliate for the last three fiscal years, which includes calendar year 2020, 2021 and 2022. Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request.

Profit and Loss for Affiliate-owned PERFORMANCE360® Gyms for the Period from January 1, 2020, to December 31, 2022

Pacific Beach 2020-2022 (Opened April 2011, original location was in Mission Beach and moved in 2015)

Membership Total (As of January 1, 2023): 359[6]

Year	2020[7]	2021[7]	2022
Sales Revenue	$650,915	$761,670	$688,949
Location Expenses			
Cost of Goods Sold	$1,519	$5,190	$7,874
Professional Services[3]	$11,872	$10,152	$10,378
Advertising & Marketing	$17,366	$11,979	$10,897
Cleaning & Janitorial	$8,666	$7,595	$6,478
Computer & Web	$17,590	$19,753	$28,655
Gym Equipment & Supplies[5]	$30,883	$16,675	$14,564
Insurance	$9,910	$4,736	$5,262
Payment Processing	$19,275	$23,265	$23,669
Employee Expenses	$139,735	$175,546	$158,478
Occupancy Expenses[4]	$108,950	$76,273	$81,162
Total Expenses[2]	$365,766	$350,982	$347,416
Net Location Profit	**$285,149**	**$410,688**	**$341,533**
Franchisee Expenses[1]	$54,819	$63,125	$57,671
Net Profit (If Franchisee)	**$230,331**	**$347,563**	**$283,862**

Notes: Note 1: Franchisee Expenses include a 7% royalty and 0.5% marketing fee on gross sales, and a $500 monthly technology fee.

Note 2: The financial representation above includes all location expenses and may exclude selected company expenses relating to managing 3 corporate locations. These expenses include: owner salaries, company leased vehicles, health insurance plans for owners and employees, 401k expenses, meals and entertainment, and staff gifts for events like coaching anniversaries and year-end bonuses

Note 3: Professional Services includes accounting, bookkeeping, legal fees, taxes & licenses.
Note 4: Occupancy Expenses include rent, repairs & maintenance & utilities
Note 5: Gym Equipment & Supplies include replacing equipment, supplies for the gym & office supplies.

Note 6: The membership number includes active memberships only and excludes those on a membership hold.

Note 7: March 2020 - March 2021 include limited operations due to state COVID requirements.

Bay Park Location 2020-2022 (Opened October 2019)

Membership Total (As of January 1, 2023): 300[6]

Year	2020[7]	2021[7]	2022
Sales Revenue	$151,156	$315,038	$442,078
Location Expenses			
Professional Services[3]	$1,843	$1,827	$3,307
Advertising & Marketing	$0	$0	$10,897
Cleaning & Janitorial	$4,400	$10,200	$11,660
Gym Equipment & Supplies[5]	$5,196	$14,399	$8,963
Insurance	$1,133	$2,190	$5,262
Payment Processing	$4,535	$9,451	$13,360
Employee Expenses	$44,536	$58,201	$70,417
Occupancy Expenses[4]	$86,110	$102,959	$110,494
Total Expenses[2]	$147,753	$199,227	$234,360
Net Location Profit	**$3,403**	**$115,811**	**$207,718**
Franchisee Expenses[1]	$17,337	$29,628	$39,156
Net Profit (If Franchisee)	**-$13,933**	**$86,183**	**$168,562**

Notes: Note 1: Franchisee Expenses include a 7% royalty and 0.5% marketing fee on gross sales, and a $500 monthly technology fee.

Note 2: The financial representation above includes all location expenses and may exclude selected company expenses relating to managing 3 corporate locations. These expenses include: owner salaries, company leased vehicles, health insurance plans for owners and employees, 401k expenses, meals and entertainment, and staff gifts for events like coaching anniversaries and year-end bonuses

Note 3: Professional Services includes accounting, bookkeeping, legal fees, taxes & licenses.

Note 4: Occupancy Expenses include rent, repairs & maintenance, utilities, and interest on a loan.

Note 5: Gym Equipment & Supplies include replacing equipment, supplies for the gym & office supplies.

Note 6: The membership number includes active memberships only and excludes those on a membership hold.

Note 7: March 2020 – March 2021 include limited operations due to state COVID requirements.

Ocean Beach Location 2020-2022 (Opened April 2018)

Membership Total (As of January 1, 2023): 251[6]

Year	2020[7]	2021[7]	2022
Sales Revenue	$255,792	$354,747	$389,237
Location Expenses			
Professional Services[3]	$3,269	$5,234	$4,515
Advertising & Marketing	$454	$0	$5,449
Cleaning & Janitorial	$3,600	$6,600	$7,773
Gym Equipment & Supplies[5]	$8,536	$12,554	$6,163
Insurance	$1,133	$1,133	$2,631
Misc. Expenses	$343	$169	$0
Payment Processing	$7,674	$10,642	$11,705
Employee Expenses	$17,511	$38,946	$51,414
Occupancy Expenses[4]	$85,689	$110,143	$116,968
Total Expenses[2]	$128,209	$185,421	$206,618
Net Location Profit	**$127,583**	**$169,326**	**$182,619**
Franchisee Expenses[1]	$25,184	$32,606	$35,193
Net Profit (If Franchisee)	**$102,399**	**$136,720**	**$147,427**

Notes: Note 1: Franchisee Expenses include a 7% royalty and 0.5% marketing fee on gross sales, and a $500 monthly technology fee.

Note 2: The financial representation above includes all location expenses and may exclude selected company expenses relating to managing 3 corporate locations. These expenses include: owner salaries, company leased vehicles, health insurance plans for owners and employees, 401k expenses, meals and entertainment, and staff gifts for events like coaching anniversaries and year-end bonuses

Note 3: Professional Services includes accounting, bookkeeping, legal fees, taxes & licenses.

Note 4: Occupancy Expenses include rent, repairs & maintenance & utilities.

Note 5: Gym Equipment & Supplies include replacing equipment, supplies for the gym & office supplies.

Note 6: The membership number includes active memberships only and excludes those on a membership hold.

Note 7: March 2020 - March 2021 include limited operations due to state COVID requirements.

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

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No.1
System wide Outlet Summary
For Years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company-Owned	2020	4	3	-1
	2021	3	3	0
	2022	3	3	0
Total Outlets	2020	4	3	-1
	2021	3	3	0
	2022	3	3	0

Table No. 2
Transfers of Outlets from Franchisees to New Owners (Other Than the Franchisor)
For Years 2020 to 2022

State	Year	Number of Transfers
All States	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

Table No. 3
Status of Franchised Outlets
For Years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
All States	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Total	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

Table No. 4
Status of Company-Owned Outlets
For Year 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2020	4	0	0	1	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
Totals	2020	4	0	0	1	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3

Table No. 5
Projected Openings
As of December 31, 2022

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	4	4	0
Colorado	1	1	0
Totals	5	5	0

As of the date of this Disclosure Document, we do not have any franchisees. There have been no franchisees that have ceased to do business under the Franchise Agreement or had an outlet terminated, canceled, not renewed or who have not communicated with us, within the last ten weeks. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, no franchisees have signed confidentiality clauses. We have not created, sponsored, or endorsed any trademark-specific franchisee associations.

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit D to this Disclosure Document is our audited balance sheet, statement of operations, statement of member's capital, statement of cash flows and notes to financial statements as of July 31, 2021, December 31, 2021 and December 31, 2022.

Out fiscal year ends on December 31.

ITEM 22 CONTRACTS

Attached to this Disclosure Document are the following Exhibits:

Exhibit	
A.	FRANCHISE AGREEMENT
B.	STATE ADDENDUM
C.	GENERAL RELEASE (SAMPLE FORM)
D.	FINANCIAL STATEMENTS
E.	OPERATIONS MANUAL TABLE OF CONTENTS
F.	AREA DEVELOPMENT AGREEMENT
G.	COMPLIANCE QUESTIONNAIRE
H.	LIST OF CURRENT FRANCHISEES AND LIST OF FORMER FRANCHISEES
I.	STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS
J.	RECEIPTS

There are no other contracts or agreements you are required to sign to purchase your PERFORMANCE360® Gym.

ITEM 23 RECEIPTS

Exhibit J of this Disclosure Document contains detachable documents acknowledging your receipt of this Disclosure Document and all Exhibits.

EXHIBIT A

TO THE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

PLACE CONTRACT NUMBER _____

PERFORMANCE360 FRANCHISE GROUP, LLC

FRANCHISE AGREEMENT

FRANCHISEE

EFFECTIVE DATE OF AGREEMENT

TERRITORY

GYM NO.

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PERFORMANCE360 FRANCHISE, LLC
FRANCHISE AGREEMENT

This Franchise Agreement is made this _____day of _____, 20___ between PERFORMANCE360 Franchise Group, LLC, a California limited liability company with its principal business located at 4515 Gresham Street, San Diego, California 92109 ("we" or "us"), and "Franchisee" or "you" as identified on the Data Sheet attached as Schedule A (the "Data Sheet"). If the franchisee is a corporation, partnership, limited liability company or other legal entity, certain provisions to this Agreement also apply to its owners.

RECITALS

A. We, PERFORMANCE360 Franchise Group, LLC, have developed a unique system for the establishment and operation of a strength and conditioning gym which blends our three core training components physique, strength, and cardio ("PSC") in a distinctive atmosphere (each, a "PERFORMANCE360 Gym").

B. Our affiliate PERFORMANCE360 ASSETS, LLC. is the owner of the Trademarks and other trademarks used in connection with the operation of a PERFORMANCE360® Gym and has granted us the right to sublicense the Trademarks and the PERFORMANCE360® System (each capitalized term as defined below).

C. You desire to develop and operate a PERFORMANCE360® Gym; and

D. We have agreed to grant you a franchise to operate a PERFORMANCE360® Gym, subject to the terms and conditions of this Agreement.

In consideration of the above and mutual premises and agreement contained herein, the receipt and sufficiency of which is hereby acknowledged, the parties agree to the following:

DEFINITIONS

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

A. "Gross Sales" includes the total revenues and receipts from the sale of all products, services and merchandise sold in your Gyms, whether under any of the Trademarks or otherwise, including Gym Memberships, nutritional training, personal training, training at home and apparel, in your Gyms excluding sales tax.

B. "Manual" or "Operations Manual" means any collection of written, video, audio and/or software media (including materials distributed electronically), regardless of title and consisting of various subparts and separate components, all of which we or our agents produce and which contain specifications, standards, policies, procedures, and recommendations for your PERFORMANCE360® Gym, all of which we may change from time to time.

C. "Operating Partner" means the person designated by Franchisee (if Franchisee is a legal entity) who (i) owns at least a 30% ownership interest in Franchisee, (ii) has completed our initial training program and (iii) has the authority to bind Franchisee in all dealings with us. If the Franchisee is one or more individuals, each individual is an Operating Partner of the franchisee. Your Operating Partner(s) are identified on the Data Sheet. Every time there is a change in the persons who are your Operating

Partners, you must, within 10 days from the date of each such change, update the Data Sheet. As used in this Agreement, any reference to Operating Partner includes all Operating Partners.

D. "Gym" means the PERFORMANCE360® Gym you develop and operate pursuant to this Agreement.

E. "System" means the PERFORMANCE360® System, which consists of distinctive strength and conditioning training incorporating three core training components, physique, strength, and cardio ("PSC"), business forms, training materials. Manuals, sales techniques, methods, and procedures, all of which we may modify and change from time to time.

F. "Trademarks" means the PERFORMANCE360® Trademark that has been registered with the United States Patent and Trademark Office ("USPTO") and elsewhere and the trademarks, service marks and trade names set forth on Schedule B, as we may modify and change from time to time, and the trade dress and other commercial symbols used in the Gym. Trade dress includes the designs, color schemes and image we authorize you to use in the operation of the Gym from time to time.

GRANT OF LICENSE

2. The following provisions control with respect to the license granted hereunder:

A. License, Authorized Location, Designated Territory, P360 Training Program. Subject to the terms of this Agreement, we grant you the right and license to establish and operate one Gym identified by the PERFORMANCE360® Trademarks at the location identified on the Data Sheet as the authorized location, which authorized location must be (i) within the Designated Territory identified on the Data Sheet (the "Designated Territory") and (ii) designed by you and approved by us within four (4) months from the date of this Agreement (the "Authorized Location"). When a location has been timely designated by you and you have received an approval notice from us, it will become the Authorized Location under this Section 2 A as if originally stated. If an Authorized Location is not timely designated by you and approved by us, we may terminate this Agreement. You accept the license and undertake the obligation to operate the Gym at the Authorized Location using the Trademarks and the System in compliance with the terms and conditions of this Agreement.

During the term of this Agreement and provided you are in compliance with the terms and conditions of this Agreement, we will not (i) modify the Designated Territory, (ii) establish a company-owned or franchised PERFORMANCE360® Gym within the Designated Territory, or (iii) established a company-owned or franchised Gym inside the Designated Territory that offers the same products and services as your PERFORMANCE360® Gym, except for any Merger/Acquisition Activity (as described and defined below).

After you sign this Agreement but before you commence the site selection process you must satisfactorily complete our P360 Training Course. It will take you approximately 34.5 hours to complete the P360 Training Course.

B. Opening. You agree that the Gym will be open and operating in accordance with the requirements of subparagraph 5.A within nine months after you sign the franchise agreement unless we authorize in writing an extension of time. Before you open your Gym for business, we will inspect your Gym and provide you with a Franchise Certificate of Approval.

C. Non-exclusivity, Our Reservation of Rights. The license is limited to the right to develop and operate one Gym at the Authorized Location. The Authorized Location within the zip code of the Designated Territory will be the only Performance360 Gym in that zip code.

The license granted to you does **not** provide you with any right to (i) sell products and services identified by the Trademarks at any location outside the Designated Territory, (ii) sell products or services through any alternative channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce), (iii) sell products and services identified by the Trademarks to any person or entity for resale or further distribution, except as we may designate in writing, or (iv) exclude, control or impose conditions on our development of future franchised, company or affiliate-owned Gyms at any time or at any location regardless of the proximity to your Designated Territory. You acknowledge that the consumer trade area or service area of another PERFORMANCE360® Gym may overlap with your Designated Territory.

We retain all rights that are not expressly granted to you under this Agreement. Further, we may, among other things, on any terms and conditions we deem advisable, without compensation to any franchisee, and without granting you any rights therein:

(i) establish and/or license others to establish franchised or company-owned Gyms at any location outside your Designated Territory regardless of the proximity of such Gyms to your Designated Territory.

(ii) merge with, acquire or become associated with ("Merger/Acquisition Activity") any businesses or Gyms of any kind under other systems and/or marks, which businesses and Gyms may convert to or operate under the Trademarks and may offer or sell products and services that are the same as or similar to the products and services offered at or from the Gym, and which Gyms may be located anywhere inside or outside of your Designated Territory; and

(iii) offer, sell, and distribute for ourselves and/or license others to offer, sell and distribute through franchised businesses or any other method of distribution, both inside and outside your Designated Territory, products, and services the same as or different from the products and services offered under the System and which are offered and distributed under the Trademarks or marks different from the Trademarks through any distribution channels or methods. The distribution channels or methods include, without limitation, business, or industry locations (e.g., manufacturing site, office building), military installations, or the Internet (or any other existing or future form of electronic commerce).

You acknowledge and agree that certain locations are by their nature unique and separate in character from sites generally developed as PERFORMANCE360®Gyms. As a result, you agree that we have the right to develop or franchise the following locations (“Special Sites”) regardless of whether these locations are located inside your Designated Territory (1) military bases, (2) public transportation facilities, (3) student unions or other similar buildings on college or university campuses, and (4) special events.

TRADEMARK STANDARDS AND REQUIREMENTS

3. You acknowledge and agree that the Trademarks are the property of our affiliate, PERFORMANCE360 ASSETS, LLC and we have the right to license the use of the Trademarks to you and others. You further acknowledge that your right to use the Trademarks is specifically conditioned upon the following:

A. Trademark Ownership. The Trademarks are the valuable property of our affiliate, PERFORMANCE360 ASSETS, LLC. We have all right, title and interest in and to the Trademarks and all past, present, or future goodwill of the Gym and of the business conducted at the Authorized Location that is associated with or attributable to the Trademarks. Your use of the Trademarks will inure to the benefit us. You may not, during or after the term of this Agreement, engage in any conduct directly or indirectly that would infringe upon, harm, or contest our rights in any of the Trademarks or the goodwill

associated with the Trademarks, including any use of the Trademarks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media.

B. Trademark Use. You may not use, or permit the use of, any trademarks, trade names or service marks in connection with the Gym except those set forth in Schedule B or except as we otherwise direct in writing. You may use the Trademarks only in connection with such products and services as we specify and only in the form and manner we prescribe in writing. You must comply with all trademark, trade name and service mark notice marking requirements. You may use the Trademarks only in association with products and services approved by us and that meet our standards or requirements.

C. Gym Identification. You must use the name PERFORMANCE360® as the trade name of the Gym and you may not use any other mark or words to identify the Gym without our prior written consent. You may not, however, use the word "PERFORMANCE360®" or any of the other Trademarks as part of the legal name of your corporation, partnership, limited liability company or other similar entity. You may use the Trademarks on various materials, such as business cards, stationery and checks, provided you (i) accurately depict the Trademarks on the materials as we prescribe, (ii) include a statement on the materials indicating that the business is independently owned and operated by you, (iii) do not use the Trademarks in connection with any other trademarks, trade names or service marks unless we specifically approve in writing prior to such use, and (iv) make available to us, upon our request, a copy of any materials depicting the Trademarks. You must post a prominent sign in the Gym identifying you as a PERFORMANCE360® franchisee in a format we deem reasonably acceptable, including an acknowledgment that you independently own and operate the Gym and that the PERFORMANCE360® Trademark is owned by us and your use is under a license we have issued to you. All your internal and external signs must comply at all times with our guidelines, requirements, and practices, as they are modified from time to time.

D. Litigation. In the event any person or entity improperly uses or infringes the Trademarks or challenges your use or our use or ownership of the Trademarks, our affiliate and we will control all litigation and our affiliate, and we have the right to determine whether suit will be instituted, prosecuted, or settled, the terms of settlement and whether any other action will be taken. You must promptly notify us of any such use or infringement of which you are aware or any challenge or claim arising out of your use of any Trademark. You must take reasonable steps, without compensation, to assist us with any action we undertake. We and our affiliate will be responsible for our fees and expenses with any such action, unless the challenge or claim results from your misuse of the Trademarks in violation of this Agreement, in which case you must reimburse us and our affiliate for our fees and expenses.

E. Changes. You may not make any changes or substitutions to the Trademarks unless we direct in writing. We reserve the right to change the Trademarks at any time. Upon receipt of our notice to change the Trademarks, you must cease using the former Trademarks and commence using the changed Trademarks. We will reimburse you for any out-of-pocket expenses you incur in connection with any change to the Trademarks on your letterhead, provided, however, that our reimbursement obligation during the Term of this Agreement will not exceed $250.

F. Creative Works. All ideas, concepts, techniques, or materials concerning the PERFORMANCE360® Gym, whether or not protectable intellectual property and whether created by or for you or one of your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you must assign ownership of that Item, and all related rights to that item, to us and must take whatever action (including signing an assignment agreement or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

TERM AND RENEWAL

4. The following provisions control with respect to the term and renewal of this Agreement:

A. Term. The initial term of this Agreement is ten years unless this Agreement is sooner terminated in accordance with Paragraph 13. The initial term commences upon the Effective Date (as defined in subparagraph 15.Q) of this Agreement. We may extend this initial term in writing for a limited period of time not to exceed six months to take into account the term of any applicable lease for the Authorized Location.

B. Renewal Term and Conditions of Renewal. You may renew your license for two renewal terms of five years each, provided that with respect to each renewal (i) you have given us written notice of your decision to renew at least six months but not more than 12 months prior to the end of the expiring term, (ii) you sign our then-current form of franchise agreement (modified to reflect any additional renewal term(s) upon expiration and other modifications to reflect that the agreement relates to the grant of a renewal), the terms of which may differ from this Agreement, including higher fees, (iii) you have complied with the provisions of subparagraph 5E regarding modernization and you perform any further items of modernization and/or replacement of the building, premises, trade dress, equipment and grounds as may be necessary for your Gym to conform to the standards then applicable to new PERFORMANCE360® Gyms, regardless of the cost of such modernizations and/or replacements, (iv) you are not in default of this Agreement or any other agreement pertaining to the franchise granted, have satisfied all monetary and material obligations on a timely basis during the term and are in good standing, (v) if leasing the Gym premises, you have renewed the lease and have provided written proof of your ability to remain in possession of the premises throughout the renewal period, (vi) you comply with our then-current training requirements, (vii) you pay us, at least 30 days prior to the end of the expiring term, a renewal fee equal to 25% of the then-current initial franchise fee and (viii) you and your Operating Partner (s) and guarantors execute a general release of claims in a form we prescribe.

C. Interim Period. If you do not exercise your right to renew this Franchise Agreement prior to the expiration of this Agreement and continue to accept the benefits of this Agreement after the expiration of this Agreement, then at our option, this Agreement may be treated either as (i) expired as of the date of expiration with you then operating a franchise without the right to do so and in violation of our rights, or (ii) continued on a month-to-month basis ("Interim Period") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim Period. In the latter case, all of your obligations shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of this Agreement will be deemed to take effect upon termination of the Interim Period.

FACILITY STANDARDS AND MAINTENANCE

5. You acknowledge and agree that we have the right to establish, from time to time, quality standards regarding the business operations of PERFORMANCE360® Gyms to protect the distinction, goodwill and uniformity symbolized by the Trademarks and the System. Accordingly, you agree to maintain and comply with our quality standards and agree to the following terms and conditions:

A. Gym Facility Site Under Control. You are responsible for purchasing or leasing a site that meets our site selection guidelines. We must consent to the site in writing. You may not use the Gym premises or Authorized Location for any purpose other than the operation of a PERFORMANCE360® Gym during the term of this Agreement or any Interim Period. We make no guarantees concerning the success of the Gym located on any site to which we consent.

You may not open your Gym for business until we inspect your Gym and provide you with a Franchise Certificate of Approval and we have consented to your opening date. A Franchise Certificate of Approval may be obtained only after all local permits, certificates and codes have been met and a certificate of occupancy has been granted. If you do not pass your initial inspection, you will be charged for all costs and expenses incurred by us in sending an inspector to re-inspect your Gym. We are not responsible or liable for any of your pre-opening obligations, losses, or expenses you might incur for your failure to comply with these obligations or your failure to open by a particular date. We also are entitled to injunctive relief or specific performance under subparagraph 12.C for your failure to comply with your obligations.

In the event that you plan to enter into any type of lease for the Gym premises, you and your landlord must sign the Lease Addendum attached as Schedule C. We recommend you submit the Lease Addendum to the landlord at the beginning of your lease review and negotiation, although the terms of the Lease Addendum may not be negotiated without our prior approval. If the landlord requires us to negotiate the Lease Addendum, we reserve the right to charge you a fee, which will not exceed our actual costs associated with the negotiation. You must provide us a copy of the executed lease and Lease Addendum within five days of its execution. We have no responsibility for the lease, it is your sole responsibility to evaluate, negotiate and enter into the lease for the Gym premises.

You must execute and provide us an executed copy of your lease (including an executed copy of the Lease Addendum) or the purchase agreement for the selected and approved site for your Gym within 12 months from the date of execution of this Agreement. If you fail to have your "site under control" (execute the lease or the purchase agreement within the timeframe set forth in this subparagraph), we will have the right to terminate this Agreement without opportunity to cure pursuant to subparagraph 13.B.2.

B. Construction Future Alteration. You must construct and equip the Gym in strict accordance with our current approved specifications and standards pertaining to equipment, inventory, signage, fixtures, furnishings, and design and layout of the building. You may not commence construction of the Gym until you have received our written consent to your building plans. Without limiting the generality of the prior paragraph, you must promptly and in no event more than 60 days after obtaining possession of the site for the Gym (i) have prepared and submitted for our approval a site survey and basic architectural plans and specifications consistent with our general atmosphere, image, color scheme and decor requirements as set forth from time to time in the manuals for a PERFORMANCE360® Gym (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating), (ii) purchase or lease and then, in the construction of the Gym, use only the approved building materials, equipment, fixtures, furniture and signs, (iii) complete the construction and/or remodeling, equipment, fixtures, furniture and sign installation and decorating of the Gym in full and strict compliance with plans and specifications we approve and all applicable ordinances, building codes and permit requirements without any unauthorized alterations, (iv) obtain all customary contractors' sworn statements and partial and final waivers, obtain all necessary permits, licenses and architectural seals and comply with applicable legal requirements relating to the building, signs, equipment and premises, including, but not limited to, the Americans With Disabilities Act, and (v) obtain and maintain all required zoning changes, building, utility, health, sanitation, and sign permits and licenses and any other required permits and licenses. It is your responsibility to comply with the foregoing conditions.

Any change to the building plans or any replacement, reconstruction, addition, or modification in the building, interior or exterior decor or image, equipment, or signage of the Gym to be made after our consent is granted for initial plans, whether at the request of you or of us, must be made in accordance with specifications that have received our prior written consent. You may not commence such replacement, reconstruction, addition, or modification until you have received our written consent to your revised plans.

C. Maintenance. The building, equipment, fixtures, furnishing, signage, and trade dress (including the interior and exterior appearance) employed in the operation of your Gym must be maintained and refreshed in accordance with our requirements established periodically and any of our reasonable schedules prepared based upon periodic evaluations of the premises by our representatives. Within a period of 30-60 days (as we determine depending on the work needed) after the receipt of any particular report prepared following such an evaluation, you must affect the Items of maintenance we designate, including the repair of defective items and/or the replacement of irreparable or obsolete items of equipment and interior signage. If, however, any condition presents a threat to customers or public health or safety, you must affect the items of maintenance immediately, as further described in subparagraph 6. G. As between us and you, you are solely responsible for the safety and well-being of your employees and the customers of the Gym.

D. Relocation. If you need to relocate because of condemnation, destruction, or expiration or cancellation of your lease for reasons other than your breach, we will grant you authority to do so at a site acceptable to us, provided that the new Gym is open and operating within 180 days after construction commences, all in accordance with our then-current standards. If you voluntarily decide to relocate the Gym, your right to relocate the Gym will be void and your interest in this Agreement will be voluntarily abandoned, unless you have given us notice of your intent to relocate not less than 60 days prior to closing the Gym, have procured a site that we accept within 60 days after closing the prior Gym, have opened the new Gym for business within 180 days of such closure and complied with any other conditions that we reasonably require. You must pay us a relocation fee of $2,500 to cover our costs associated with the relocation.

In the event your Gym is destroyed or damaged and you repair the Gym at the Authorized Location (rather than relocate the Gym), you must repair and reopen the Gym at the Authorized Location in accordance with our then-current standards for the destroyed or damaged area within 180 days of the date of occurrence of the destruction or damage.

You do not have the right to relocate in the event you lose the right to occupy the Gym premises because of the cancellation of your lease due to your breach. The termination of your lease due to your breach is grounds for immediate termination under subparagraph 13.B.2.

E. Modernization or Replacement. From time to time as we require, you must affect items of modernization and/or replacement of the building, premises, trade dress, equipment, technology upgrades, and grounds as may be necessary for your Gym to conform to the standards for similarly situated new PERFORMANCE360® Gyms. Furthermore, in addition to performing general continued maintenance and refreshing of the Gym premises whenever necessary as set forth in subparagraph 5.C, you must affect any required expenditures for equipment or leasehold improvements necessary for new services or products.

Each and every transfer of any interest in this Agreement or your business governed by Paragraph 11, or any renewal covered by Paragraph 4 is expressly conditioned upon your compliance with these modernization or replacement requirements at the time of transfer or renewal.

You acknowledge and agree that the requirements of this subparagraph 5.E are both reasonable and necessary to ensure continued public acceptance and patronage of PERFORMANCE360® Gyms and to avoid deterioration or obsolescence in connection with the operation of the Gym. If you fail to make any improvement as required by this subparagraph or perform the maintenance described in subparagraph 5. C, we may, in addition to our other rights in this Agreement, effect such improvement or maintenance and you must reimburse us for the costs we incur.

F. Signage. The outdoor signage at your Gym must comply with our then current specifications, which we may modify and change from time to time due to modifications to the System, including changes to the Trademarks. You must make such changes to the outdoor signage as we require.

PRODUCTS AND OPERATIONS STANDARDS AND REQUIREMENTS

6. You must implement and abide by our requirements and recommendations directed to enhancing substantial System uniformity. The following provisions control with respect to products and operations:

A. Authorized Services. Your business must offer all Gym related training as we designate and approve in writing from time to time at your Gym. We have the right to make modifications to the training, and you agree to comply with any modifications. You may not offer or sell any other product or service at the Authorized Location without our prior written consent.

B. Authorized Products. You must offer all apparel and other products we designate, and in such, sizes, appearance, and packaging, all as we specify in our Operations Manual or otherwise in writing. You acknowledge and agree that we may change these periodically and that you are obligated to conform to the requirements. You acknowledge that the Gym must at all-time maintain an inventory of apparel and other products, materials and supplies that will permit operation of the Gym at maximum capacity.

C. Approved Supplies and Suppliers. We will furnish you from time-to-time lists of approved supplies or approved suppliers and vendors. You must only use approved products, services, inventory, equipment, fixtures, furnishings, signs, designated security camera systems, advertising materials, trademarked items and novelties, and other items or services (collectively, "Approved Supplies") in connection with the design, construction and operation of the Gym as set forth in the Approved Supplies lists, as we may amend from time to time. Although we do not do so for every item, we have the right to approve the manufacturer, distributor and/or supplier of Approved Supplies (an "Approved Supplier"). You acknowledge and agree that certain Approved Suppliers may only be available from one required Approved Supplier source, and we may be that source. For example, you must purchase all trademarked retail items, and certain products, select retail items for retail in your gym, apparel, supplies, equipment and materials from us or our designated supplier. You will pay the then-current price in effect for Approved Supplies purchased from us, or affiliates or any third party we designate. All inventory, products, materials and other items and supplies used in the operation of the Gym that are not included in the Approved Supplies or Approved Suppliers lists must conform to the specifications and standards we establish from time to time. ALTHOUGH APPROVED OR DESIGNATED BY US, WE MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO SERVICES, PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY US OUR APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS, OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM SHALL NOT CREATE ANY LIABILITY TO US.

D. POS System. You must obtain and use in your Gym, a PERFORMANCE360 approved Point-Of-Sale system. It will be an internet cloud-based system used on a tablet. This proprietary software is required for Franchisees, (the “POS System”) You must record all sales on the POS System. The POS System requires a monthly subscription and is part of the technology fee of $500 a month. The POS System needs 2 stations/tablets. You will be solely responsible for the acquisition, operation, maintenance, and upgrading of the POS System. Neither we, nor any affiliate or third party, is obligated

to provide ongoing maintenance, repairs, upgrades, or updates for the POS System. We will be doing any updates on the software; Franchisee is not required to update anything other than update the app used.

We reserve the right to change the POS System and back-of-office computer at any time but will not require you to replace these items more than three times during the initial term of the Franchise Agreement. We reserve the right to change the software each calendar year. At such time as we designate the change or enhancement to the POS System you may be required to make certain payments to us or our designated suppliers. You will have 30 days to install and commence using the changed or enhanced POS System. You must acquire the right to use hardware, software, peripheral equipment, and accessories, and arrange for installation, maintenance, and support services of the initial, changed, or enhanced POS System all at your cost. There are no contractual limitations on the frequency and cost of this obligation.

We or a third-party vendor approved by Franchisor may independently access the POS System and retrieve, analyze, download, and use all software, data and files from the Gym or used on the POS System. We may access the POS System through our intranet, in your Gym or from other locations. You must capture all data and information that we designate and report data and information in the manner we specify, including through our intranet or other online communications. You also must maintain a phone line and a separate modem dedicated for the sole use of allowing our computer system to interface and communicate with your POS System and you may need to purchase software designated by us for this to occur. You also must have your Gym connected to the Internet using a connection method we approve, currently DSL or Cable modem. You must have a permanent Internet email account.

You understand that the data storage, phone line, modem, communication software, Internet access, Internet email account and all additional hardware and software needed to implement and maintain these services is at your cost.

E. Serving and Promotional Items. All sales promotion material, customer goodwill items, other items, used in the sales promotion, sale and distribution of products covered by this Agreement are subject to our approval and must, where practicable, contain one or more of the Trademarks. You must purchase these items from our Approved Suppliers.

F. Health and Sanitation. Your Gym must be operated and maintained at all times in compliance with any and all applicable health and sanitary standards prescribed by governmental authority. You also must comply with any standards that we prescribe. In addition to complying with such standards, if the Gym is subject to any sanitary or health inspection by any governmental authorities under which it may be rated in one or more than one classification, it must be maintained and operated so as to be rated in the highest available health and sanitary classification with respect to each governmental agency inspecting the same. Depending on the state you are located in you may be required to maintain on the premises an automated external defibrillator (“AED”). In the event you fail to be rated in the highest classification or receive any notice that you are not in compliance with all applicable health and sanitary standards, you must immediately notify us of such failure or noncompliance.

G. Evaluations. We or our authorized representative have the right to enter your Gym at all reasonable times during the business day for the purpose of making periodic evaluations and to ascertain if the provisions of this Agreement are being observed by you, to inspect and evaluate your building, land, and equipment, and to test, sample, inspect and evaluate your supplies, and products. Any failure of an inspection is a default under Section 13.A of this Agreement. Further, if we determine that any condition in the Gym presents a threat to customers or public health or safety, we may take whatever measures

we deem necessary, including requiring you to immediately close the Gym until the situation is remedied to our satisfaction. Our inspections and evaluations may include a "mystery shopper" program from time to time throughout the term of this Agreement. If you fail an evaluation by us or by a mystery shopper or if we receive a specific customer complaint, you must pay the costs and expenses of subsequent "mystery shopper" visits.

H. Period of Operation. Subject to any contrary requirements of local law, your Gym must be opened to the public and operated during the days and times set forth in the Operations Manual. You acknowledge and agree that if your Gym is closed for a period of two consecutive days or five or more days in any 12-month period without our prior written consent, such closure constitutes your voluntary abandonment of the franchise and business, and we have the right, in addition to other remedies provided for herein, to terminate this Agreement. Acts of force majeure, as defined in subparagraph 16.M, that prevent you from complying with the foregoing will not constitute an abandonment of the franchise business as noted in this Section 6.H.

I. Operating Procedures. You must adopt and use as your continuing operational routine the required standards, service style, procedures, techniques, and management systems described in our Operations Manual or other written materials relating to storage, uniforms, financial management, equipment, facility, and sanitation. We will revise the Operations Manual and these standards, procedures, techniques, and management systems periodically to meet changing conditions of retail operation in the best interest of Gyms operating under the Trademarks. Any required standards exist to protect our interests in the System and the Trademarks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. You must use your best efforts to promote and increase the sales in your Designated Area.

You acknowledge having received one copy of the Operations Manual on loan from us for the term of this Agreement. The Operations Manual is at all times our sole property. You must at all times treat the Operations Manual, and the information it contains, as secret and confidential, and must use all reasonable efforts to maintain such information as secret and confidential. We may from time to time revise the contents of the Operations Manual and you expressly agree to comply with each new or changed requirement. You must at all times ensure that your copy of the Operations Manual is kept current and up to date, and in the event of any dispute as to the contents of said Operations Manual, the terms of the master copy of the Operations Manual that we maintain are controlling. You acknowledge and agree that in the future the Operations Manual and other system communications may only be available on the Internet or other online or computer communications.

J. Confidential Information. You, the Operating Partners, and your manager may not, during the term of this Agreement or thereafter, disclose, copy, reproduce, sell, or use for the benefit of any other person or entity Confidential Information, except to such employees that must have access to it to operate the Gym. For purposes of this Agreement, "Confidential Information" means the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding the business that is valuable and secret in the sense that it is not generally known to our competitors and any proprietary information contained in the Operations Manual or otherwise communicated to you in writing, verbally or through the Internet or other online or computer communications, and any other knowledge or know-how concerning the methods of operation of the Gym, as well as the content of this Agreement and any other document executed in connection with this Agreement. Any and all Confidential Information, including, without limitation, customer lists, methods, procedures, suggested pricing, specifications, processes, materials, techniques, and other data, may not be used for any purpose other than operating the Gym. We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from any persons owning a majority interest in the franchise, the Operating Partners, your manager, and other key employees. You must provide

executed copies of these agreements to us upon our request. Notwithstanding the foregoing, you are authorized to disclose the terms of this Agreement to any lender providing you financing for the Gym as well as to your landlord.

K. Compliance with Law, Licenses and Permits. You must at all times maintain your premises and conduct your Gym operations in compliance with all applicable laws, regulations, codes, and ordinances. You must secure and maintain in force all required licenses, permits and certificates relating to your Gym.

You acknowledge that you are an independent business and responsible for control and management of your Gym, including, but not limited to, the hiring and discharging of your employees and setting and paying wages and benefits of your employees. You acknowledge that we have no power, responsibility, or liability in respect to the hiring, discharging, setting, and paying of wages or related matters.

You must immediately notify us in writing of any claim; litigation or proceeding that arises from or affects the operation or financial condition of your PERFORMANCE360® business or Gym, including any notices of health code violations.

L. Participation in Internet Websites or Other Online Communications. We may require you, at your expense, to participate in our PERFORMANCE360® website on the Internet, our intranet system or extranet system or other online communications as we may require or develop. Monday.com Project Management will be the customer relationship management (CRM) system we will mandate for internal communications. We have the right to determine the content and use of our website and intranet or extranet system and will establish the rules under which franchisees may or must participate. You may not separately register any domain name containing any of the Trademarks, participate in any website or social media platform that markets goods and services similar to a PERFORMANCE360® Gym, or operate a website for your Gym that does not link to our website. We retain all rights relating to our website and intranet system and may alter or terminate our website, extranet system, or intranet system. Your general conduct on our website and intranet and extranet systems or other online communications (including social media) and specifically your use of the Trademarks or any advertising is subject to the provisions of this Agreement. You acknowledge that certain information related to your participation in our website or intranet system may be considered Confidential Information, including access codes and identification codes. Your right to participate in our website and intranet or extranet system, or otherwise use the Trademarks or System on the Internet or other online communications, will terminate when this Agreement expires or terminates.

M. Vending and Gaming Machines, Tickets. You may not, except with our prior written permission, permit any jukeboxes, electronic games, vending machines, ATMs, newspaper racks, entertainment devices, coin- or token-operated machines, or gambling devices or kiosks to be used on the Gym premises and may not sell or allow employees to sell any tickets, subscriptions, chances, raffles, lottery tickets or pull tabs.

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

O. Suggested Pricing Policies. You generally have the right to establish prices for the membership fees, personal training and other products and services you sell. We may, from time to time, suggest pricing for various services or products you sell. We will require a range of:

Month-to-month
Unlimited Training Sessions: $109 - $189
3 Training Sessions per week: $149 - $169
2 Training Sessions per week: $129 - $149

3 Month minimum:
Unlimited: $159 - $179
3 Training Sessions per week: $139 - $159
2 Training Sessions per week: $119 - $139

We recommend always maintaining a $10 price difference between the Month-to-month and the 3-month minimum.

We do, however, have the right to modify the System to give us the right to establish prices, both minimum and maximum. Any such modification will be in writing. Unless we so modify our System, any list or schedule of prices we furnish to you is a recommendation only and any decision you make to accept or reject the suggestion will not in any way affect the relationship between you and us.

PERSONNEL AND SUPERVISION STANDARDS

7. The following provisions and conditions control with respect to personnel, training, and supervision:

A. Supervision. You (if Franchisee is an individual) or one of your owners (if Franchisee is a legal agent) must devote adequate time and best efforts to the management and operation of your Gym. You must devote a minimum of ten hours per week to managing your Gym. We will be mandating that you must hold a quarterly staff meeting (at least) to go over current best practices, performance, etc. You may hire a Head Coach to assist you in managing the day-to-day operations of the Gym. Any Head Coach or replacement Head Coach(s) you hire must complete our training as described in subparagraphs 7.B – 7.E. Any Head Coach(s) or replacement Head Coach(s) you hire must be trained by us. Any Head Coach you may hire need not have any interest in Franchisee. The use of a Head Coach in no way relieves you of your obligations to comply with this Agreement and to ensure that the Gym is properly operated.

B. Training. You must comply with all of the training requirements we prescribe for the Gym to be developed under this Agreement You (or if Franchisee is a legal entity your Operating Partner) must complete our initial training program to our satisfaction. You will be required to complete our 2 or 4-day onsite training as well as an online training portion that will be delivered through our CRM in a series of videos, ending in a final exam. Depending on your skill level, experience, and knowledge some or all of the training may be conducted online through our various video recorded tutorials, Zoom calls, and telephone calls.

We will provide our initial training program to you (or your Operating Partner) and one additional person without charging you a fee. You, however, are responsible for paying all costs daily living expenses, including hotel and transportation costs, for these individuals to attend our training program. If you would like us to train more than the two people noted above, or if it becomes necessary to retrain a certain individual, we will charge you our then-current training fee, which fee will not exceed $500 per person per

day if provided at our headquarters. You will be responsible for paying all costs and other daily expenses for any additional person who attends our initial training program.

The training requirements may vary depending on your experience and the experience of any manager you hire or other factors specific to the Gym. In the event you are given notice of default as set forth in subparagraphs 13.A and 13.B, and the default relates, in whole or in part, to your failure to meet any operational standards, we have the right to require as a condition of curing the default that you and your manager, at your expense, comply with the additional training requirements we prescribe. Any new manager you hire must comply with our training requirements within a reasonable time as we specify. The training of new managers generally occurs at our corporate Gym, but we may schedule your training at another site. Under no circumstances may you permit the management of the Gym's operation on a regular basis by a person who has not successfully completed to our reasonable satisfaction all applicable training we require.

If you request additional training or if we determine that it is necessary to provide you with more training, we may require you to pay to us for each additional training day at our then-current daily training fee.

C. Ongoing Training. We may require you, your manager, and other key employees of the Gym to attend, at your expense, ongoing training at our training facility, the Authorized Location or other location we designate. If you request training in addition to the initial training program identified above, you must pay to us our then-current daily training fee plus expenses, which is $500 per person per day.

D. Staffing. You will employ a sufficient number of competent and trained employees to ensure efficient service to your customers. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever.

E. Attendance at Meetings. You must attend, at your expense, any annual franchise conventions we may hold or sponsor and all meetings relating to new products or product preparation procedures, new operational procedures or programs, training. Gym management, sales or sales promotion, or similar topics. If you are not able to attend a meeting or convention, you must notify us prior to the meeting and must have a substitute person acceptable to us attend the meeting.

ADVERTISING

8. You agree to actively promote your Gym, to abide by all of our advertising requirements and to comply with the following provisions:

A. Marketing Fund. You must pay to us a Marketing Fee as set forth in subparagraph 9.C. All Marketing Fees will be placed in a Marketing Fund that we own and manage. On behalf of our company-owned Gyms, we will not be required to pay the same Marketing Fee as similarly situated franchised Gyms (based on age and type of location) in the same local marketing area, except for Special Sites. The Marketing Fund is not a trust or escrow account, and we have no fiduciary obligation to franchisees with respect to the Marketing Fund, provided, however, we will make a good faith effort to expend such fees in a manner that we determine is in the general best interests of the System. We have the right to determine the expenditures of the amounts collected and the methods of marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs. Because of the methods used, we are not required to spend a prorated amount on each Gym or in each advertising market. We have the right to make disbursements from the Marketing Fund for expenses incurred in connection with the cost of formulating, developing, and implementing marketing, advertising, and promotional campaigns. The disbursements may include payments to us for the expense of administering the Marketing Fund, including accounting expenses and salaries and

benefits paid to our employees engaged in the advertising functions. If requested, we will provide you an annual unaudited statement of the financial condition of the Marketing Fund.

B. Required Local Expenditures. You must use your best efforts to promote and advertise the Gym and participate in any local marketing and promotional programs we establish from time to time. You must spend $500 per month on advertising via social media. Upon our request, you must provide us with itemization and proof of marketing and an accounting of the monies that you have spent for approved local marketing. If you fail to make the required expenditure, we have the right to collect and contribute the deficiency to the Marketing Fund.

C. Grand Opening Marketing. You must spend a minimum of $ 10,000 to $15,000 on a grand opening campaign which will include promotional elements, merchandise/giveaways, entertainment, decorations, and labor (the "Grand Opening Marketing Campaign"). The Grand Opening Marketing Campaign shall commence 30 days prior to opening and include the first month you are open to the public. You will be required to submit your grand opening marketing and advertising plan to us for review and approval prior to its implementation. All grand opening marketing and promotion must be approved by us. Your Grand Opening Marketing Campaign expenditures will count towards your first-year local advertising requirements.

D. Approved Materials. You must use only such marketing materials (including any print, radio, television, electronic, social media, or other media forms that may become available in the future) as we furnish, approve, or make available, and the materials must be used only in a manner that we prescribe. Furthermore, any promotional activities you conduct in the Gym or on its premises are subject to our approval. We will not unreasonably withhold approval of any sales promotion materials or media and activities, provided that they are current, in good condition, in good taste and accurately depict the Trademarks.

E. Gift Cards. Certificates and Checks. You must use and honor only system-wide gift cards, certificates, and checks that we designate, and you must obtain all certificates, cards or checks from an Approved Supplier.

FEES, REPORTING AND AUDIT RIGHTS

9. You must pay the fees described below and comply with the following provisions:

A. Initial Franchise Fee. You must pay to us an Initial Franchise Fee of $49,000. The Initial Franchise Fee must be paid at the time you sign this Agreement, is fully earned upon receipt, and except as noted below, is nonrefundable. If Franchisee fails to successfully complete the initial training in accordance with Franchisor's standards, Franchisor has the right to terminate the Agreement and will refund one-half of the Franchise Fee provided Franchisee executes a general release. If you have successfully opened a franchise location and want to execute another franchise agreement, provided you have satisfied all terms and conditions of the existing franchise agreement in accordance with all standards and requirements provided by Franchisor, Franchisor may grant you the right to execute another franchise agreement. The franchise fee for this subsequent franchise agreement shall be 50% of the then current franchise fee applicable to new franchisees. If you are signing this Agreement in connection with your rights and obligations under an Area Development Agreement, the Initial Franchise Fee you will pay under this Agreement will be set forth in the Area Development Agreement.

B. Royalty Fee. In addition to the Initial Franchise Fee, during the full term of this Agreement, or any Interim Period, and in consideration of the rights granted to you, you must pay to us daily, it is automatically deducted from daily payout by Franchisor. Royalty Fee equal to 7% of Gross Sales.

C. Marketing Fee. You must pay to us a daily Marketing Fee in an amount equal to ½ percent of Gross Revenue. These fees are not held by us in trust and become our property to be spent in accordance with Paragraph 8 A of this Agreement.

D. Computations and Remittances. We will provide the Franchisee a monthly statement which details all fees taken daily (such as the Royalty Fee and National Marketing Fund). We reserve the right to change the reporting day of the week for any or all amounts. You must certify the computation of the amounts in the manner and form we specify, and you must supply to us any supporting or supplementary materials as we reasonably require verifying the accuracy of remittances. You waive any and all existing and future claims and offsets against any amounts due under this Agreement, which amounts you must pay when due. We have the right to apply or cause to be applied against amounts due to us any amounts that we may hold from time to time on your behalf or that we owe to you.

E. Electronic Transfer of Funds. You must sign an electronic transfer of funds authorization, attached as Schedule D, to authorize and direct your bank or financial institution to transfer electronically, on a daily basis, the Royalty Fee, and Marketing Fee directly to our account and to charge to your account all amounts due to us. You will pay us the Technology Fee on a monthly basis via electronic transfer. You must maintain a balance in your account sufficient to allow us to collect the amounts owed when due. You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this subparagraph.

F. Interest Charges: Late Fees. Any and all amounts that you owe to us will bear interest at the rate of 10% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual. In addition to interest charges on late Royalty Fee and Marketing Fee payments, you must pay to us a service charge of 10% of the delinquent amount for each delinquent report or payment that you owe to us under this Agreement. A payment is delinquent for any of the following reasons (i) we do not receive the payment on or before the date due, or (ii) there are insufficient funds in your bank account to collect the total payment by a transfer of funds on or after the date due. The service charge is not interest or a penalty, it is only to compensate us for increased administrative and management costs due to late payment.

G. Financial Planning and Management. You must keep books and records and submit reports as we periodically require, including but not limited to a monthly profit plan, monthly balance sheet and monthly statement of profit and loss, records of prices and special sales, check registers, purchase records, invoices, sales summaries and inventories, sales tax records and returns, payroll records, cash disbursement journals and general ledgers, all of which accurately reflect the operations and condition of your Gym operations. You must compile, keep, and submit to us the books, records and reports on the forms and using the methods of bookkeeping and accounting as we periodically may prescribe. The records that you are required to keep for your Gym must include detailed daily sales, cost of sales, and other relevant records or information maintained in an electronic media format and methodology we approve. You must provide this information to us according to reporting formats, methodologies, and time schedules that we establish from time to time. You also must preserve and retain the books, records, and reports for not less than five years. You must allow us electronic and manual access to any and all records relating to your Gym.

H. Reports and Audit. Within ten days after the end of each month, you must submit to us a report of your Gross Sales with respect to the preceding month in the form and content as we periodically prescribe. The report must include, but not be limited to, the following information for the preceding month (i) amount of Gross Sales and gross receipts of the Gym, amount of sales tax and the computation of the Royalty Fee and the Marketing Fee, (ii) copies of your most recent sales tax return, sales summary and monthly balance sheet and statement of profit and loss, including a summary of your costs for utilities,

labor, rent and other material cost items in a format that we require (iii) if requested by us to verify your Gross Sales, all such books and records as we may require under our audit policies published from time to time. You also must, at your expense, submit to us within 90 days after the end of each fiscal year a detailed balance sheet, profit and loss statement and statement of cash flows for such fiscal year. We may require that the annual financial statements be reviewed by a certified public accountant. You must certify all reports to be true and correct. You acknowledge and agree that we have the right to impose these requirements on you regardless of whether we impose the same requirement on our other franchisees. Each time you either (i) fail to deliver to Franchisor a required report with three (3) days of its due date; (ii) fail to enter Gross Revenue information into the designated software as required by us, you will pay us a late fee of one hundred fifty dollars ($150) for the first late report and a late fee of two hundred fifty dollars ($250) for each consecutive violation.

We or our authorized representative have the right at all times during the business day to enter the premises where your books and records relative to the Gym are kept and to evaluate, copy and audit such books and records. We also have the right to request information from your suppliers and vendors. In the event that any such evaluation or audit reveals any understatement of 2% or more of your Gross Sales, or you fail to timely provide weekly reports or financial statements as required, you must pay for the audit, and in addition to any other rights we may have, we have the right to conduct further periodic audits and evaluations of your books and records as we reasonably deem necessary for up to three years thereafter and any further audits and evaluations will be at your sole expense, including, without limitation, professional fees, travel, and room and board expenses directly related thereto. Furthermore, if you intentionally understate or underreport Gross Sales at any time, or if a subsequent audit or evaluation conducted within the three-year period reveals any understatement of your Gross Sales of 2% or more, in addition to any other remedies provided for in this Agreement, at law or in equity, we have the right to terminate this Agreement immediately. In order to verify the information that you supply, we have the right to reconstruct your sales through the inventory extension method or any other reasonable method of analyzing and reconstructing sales. You agree to accept any such reconstruction of sales unless you provide evidence in a form satisfactory to us of your sales within a period of 14 days from the date of notice of understatement or variance. You must fully cooperate with us or our representative in performing these activities and any expenses incurred by us from your lack of cooperation shall be reimbursed by you.

We will keep your financial books, records and reports confidential, unless the information is requested by tax authorities or used as part of a legal proceeding or in a manner as set forth in subparagraph 11.D.8 or where your information is grouped with similar information from other Gyms to produce shared results like high-low ranges or average gross sales or expenses on a system-wide or regional basis.

YOUR OTHER OBLIGATIONS; NONCOMPETE COVENANTS

10. You agree to comply with the following terms and conditions:

A. Payment of Debts. You agree to pay promptly when due (i) all payments, obligations, assessments and taxes due and payable to us and our vendors, suppliers, lessors, federal, state or local governments, or creditors in connection with your business, (ii) all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Gym or business, and (iii) all accounts and other indebtedness of every kind incurred by you in operating the Gym or business. In the event you default in making any such payment, we are authorized, but not required, to pay the same on your behalf and you agree promptly to reimburse us on demand for any such payment.

B. Indemnification. You waive all claims against us for damages to property or injuries to persons arising out of the operation of your Gym. You must fully protect, indemnify and hold us and our

owners, directors, officers, insurers, successors and assigns harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of your Gym (regardless of cause or any concurrent or contributing fault or negligence of us) or any breach by you or your failure to comply with the terms and conditions of this Agreement. We also reserve the right to select our own legal counsel to represent our interests, and you must reimburse us for all our costs and all attorneys' fees immediately upon our request as they are incurred.

We waive all claims against you for damages to property or injuries to persons arising out of the operation of our company-owned Gyms. We must fully protect, indemnify and defend you and your affiliates and hold you and them harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of our company-owned Gyms (regardless of cause or any concurrent or contributing fault or negligence of you) or any breach by us or our failure to comply with the terms and conditions of this Agreement.

C. Insurance. You must purchase and maintain in full force and effect, at your expense insurance that insures both you and us, and any other persons we designate by name. You must obtain your insurance from the source we designate. The insurance policy or policies must be written in accordance with the standards and specifications (including minimum coverage amounts) set forth in writing by us from time to time, and, at a minimum, must include the following (except as different coverages and policy limits may be specified for all franchisees from time to time in writing) (i) "special" causes of loss coverage forms (sometimes called "All Risk Coverage" or "All Peril Coverage") on the Gym, Gym improvements and all furniture, fixtures, equipment, supplies and other property used in the operation of the Gym, for full repay and replacement value, except that an appropriate deductible clause is permitted, (ii) business interruption insurance covering a minimum of 12 months loss of income, including coverage for our Royalty Fees (for example, in the event of a fire or destruction of the premises, the insurance must cover our average royalty payments (based on the previous 12-month timeframe, or if a shorter timeframe, the total operating timeframe for the Gym) during the rebuilding process), (iii) comprehensive general liability insurance and contractual liability insurance, (iv) workers' compensation insurance covering all of your employees, (v) motor vehicle insurance, (vi) professional liability, (vii) umbrella liability insurance which also includes employers liability, (viii) "Per Location" aggregate limits when multiple Gym locations are insured under one comprehensive general liability and umbrella liability policy(cies), (ix) PERFORMANCE360 Franchise Group, LLC named as an additional insured on all liability policies required by this subparagraph, (x) severability of interests and/or separation of insureds provisions must be included in the liability policies and all policies must be primary and non-contributing with any insurance policy earned by PERFORMANCE360 Franchise Group, LLC , and (xi) any other such insurance coverages or amounts as required by law or other agreement related to the Gym.

The insurance coverages referenced above must commence as of the date you sign a lease or purchase agreement for the Authorized Location. You must deliver to us at commencement and annually or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this subparagraph. The insurance certificate must show our status as an additional insured and provide that we will be given 30 days' prior written notice of a material change in or termination or cancellation of the policy. We require you to provide full and complete copies of all insurance policies. We may from time to time modify the required minimum limits and require additional insurance coverages, by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the PERFORMANCE360® System, standards of liability and higher damage awards. If you do not procure and maintain the required insurance coverage required by this Agreement, we have the right, but not the obligation, to procure

insurance coverage and to charge the costs to you, together with a reasonable fee for the expenses we incur in doing so. You must pay these amounts to us immediately upon written notice.

D. Noncompete Covenants. You agree that you will receive valuable training. Confidential Information and goodwill that you otherwise would not receive or have access to but for the rights licensed to you under this Agreement. You therefore agree to the following noncompetition covenants:

1. Unless otherwise specified, the term "you" as used in this subparagraph 10.D includes, collectively and individually, all Operating Partners, guarantors, officers, directors, members, managers, partners, as the case may be, and holders of any ownership interest in you. We may require you to obtain from your manager and other individuals identified in the preceding sentence a signed non-compete agreement in a form satisfactory to us that contains the non-compete provisions of this subparagraph 10 D.

2. You covenant that during the term of this Agreement or during any Interim Period you will not, except as we otherwise agree to in writing, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with, or have any interest in any Competing Business (as defined below).

3. You covenant that you will not, for a period of two years after the expiration or termination of this Agreement, or after the expiration of any Interim Period, regardless of the cause of termination, or within two years of the sale of the Gym or any interest in you, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with, or have any interest in a Competing Business:

a. At the premises of the former Gym,

b. Within 25 miles of the former Gym, or

c. Within 25 miles of any other business or Gym using the PERFORMANCE360® System, whether franchised or owned by us.

For purposes of this Section 10.D, a Competing Business includes any business where 10% or more of its sales include strength and conditioning training.

4. You agree that the length of time in subpart (3) will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement.

TRANSFER OF FRANCHISE

11. You agree that the following provisions govern any transfer or proposed transfer:

A. Transfers. We have entered into this Agreement with specific reliance upon your financial qualifications, experience, skills, and managerial qualifications as being essential to the satisfactory operation of the Gym. Consequently, neither your interest in this Agreement nor in the Gym may be transferred or assigned to or assumed by any other person or entity (the "assignee"), in whole or in part, unless you have first tendered to us the right of first refusal to acquire this Agreement in accordance with subparagraph 11.F, and, if we do not exercise such right, unless our prior written consent is obtained, the transfer fee provided for in subparagraph 11.C is paid, and the transfer conditions described in subparagraph 11.D are satisfied. Any sale (including installment sale), lease, pledge, management

agreement, contract for deed, option agreement, assignment, bequest, gift or otherwise, or any arrangement pursuant to which you turn over all or part of the daily operation of the business to a person or entity who shares in the losses or profits of the business in a manner other than as an employee will be considered a transfer for purposes of this Agreement. Specifically, but without limiting the generality of the foregoing, the following events constitute a transfer, and you must comply with the right of first refusal, consent, transfer fee, and other transfer conditions in this Paragraph 11:

1. Any change, pledge, or seizure of any ownership interest in you that affects the ownership of 25% or more of you, or

2. Any change in the general partner of a franchisee that is a general, limited, or other partnership entity, or

In the event of your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, if your legal representative, successor, receiver or trustee desires to succeed to your interest in this Agreement or the business conducted hereunder, such person first must notify us, tender the right of first refusal provided for in subparagraph 11.F, and if we do not exercise such right, must apply for and obtain our consent to the transfer, pay the transfer fee provided for in subparagraph 11.C, and satisfy the transfer conditions described in subparagraph 11.D. In addition, you or the assignee must pay the attorneys' fees and costs that we incur in any bankruptcy or insolvency proceeding pertaining to you.

You may not place in, on or upon the location of the Gym, or in any communication media or any form of advertising, any information relating to the sale of the Gym or the rights under this Agreement, without our prior written consent.

B. Consent to Transfer. We will not unreasonably withhold our consent to transfer, provided we determine that all of the conditions described in this Paragraph 11 have been satisfied. Application for our consent to a transfer and tender of the right of first refusal provided for in subparagraph 11.F must be made by submission of our form of application for consent to transfer, which must be accompanied by the documents (including a copy of the proposed purchase or other transfer agreement) and other required information. The application must indicate whether you or an Operating Partner proposes to retain a security interest in the property to be transferred. No security interest may be retained or created, however, without our prior written consent and except upon conditions acceptable to us. Any agreement used in connection with a transfer will be subject to our prior written approval, which approval will not be withheld unreasonably. You immediately must notify us of any proposed transfer and must submit promptly to us the application for consent to transfer. Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement will be void, your interest in this Agreement will be voluntarily abandoned, and it will provide us with the right to elect either to deem you in default and terminate this Agreement or to collect from you and the guarantors a transfer fee equal to two times the transfer fee provided for in subparagraph 11.C.

C. Transfer Fee. You must pay to us a transfer fee in an amount equal to 50% of the then-current initial franchise fee. The transfer fee is nonrefundable even if, for any reason, the proposed transfer does not occur.

D. Conditions of Transfer. We condition our consent to any proposed transfer, whether to an individual, a corporation, a partnership, or any other entity upon the following:

1. Assignee Requirements. The assignee must meet all of our then-current requirements for our PERFORMANCE360® franchise program we are offering at the time of the

proposed transfer and sign our then-current form of franchise agreement modified to reflect the term remaining under this Agreement.

2. Payment of Amounts Owed. All amounts owed by you to us or your suppliers or any landlord for the Gym premises and Authorized Location, or upon which we have any contingent liability must be paid in full.

3. Reports. You must have provided all required reports to us in accordance with subparagraphs 9.J and K.

4. Modernization. You must have complied with the provisions of subparagraph 5.E.

5. Guarantee. In the case of an installment sale for which we have consented to you or any Operating Partner retaining a security interest or other financial interest in this Agreement or the business operated thereunder, you or such Operating Partner, and the guarantors, are obligated to guarantee the performance under this Agreement until the final close of the installment sale or the termination of such interest, as the case may be.

6. General Release. You, each Operating Partner, and each guarantor must sign a general release of all claims arising out of or relating to this Agreement, your Gym or the parties' business relationship, in the form we designate, releasing us.

7. Training. The assignee must, at your or assignee's expense, comply with the training requirements of subparagraph 7.B.

8. Financial Reports and Data. We have the right to require you to prepare and furnish to assignee and/or us such financial reports and other data relating to the Gym and its operations reasonably necessary or appropriate for assignee and/or us to evaluate the Gym and the proposed transfer. You agree that we have the right to confer with proposed assignees and furnish them with information concerning the Gym and proposed transfer without being held liable to you, except for intentional misstatements made to an assignee. Any information furnished by us to proposed assignees is for the sole purpose of permitting the assignees to evaluate the Gym and proposed transfer and must not be construed in any manner or form whatsoever as a financial performance representation or claims of success or failure.

9. Other Conditions. You must have complied with any other conditions that we reasonably require from time to time as part of our transfer policies.

E. Death. Disability or Incapacity. If any individual who is an Operating Partner dies or becomes disabled or incapacitated and the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as an Operating Partner, such person or entity must apply for our consent under subparagraph 11.B, pay the applicable transfer fee under subparagraph 11.C, and satisfy the transfer conditions under subparagraph 11.D, as in any other case of a proposed transfer, all within 180 days of the death or event of disability or incapacity. During any transition period to an heir or successor-in-interest, the Gym still must be operated in accordance with the terms and conditions of this Agreement. If the assignee of the decedent or disabled or incapacitated person is the spouse or child of such person, no transfer fee will be payable to us, and we will not have a right of first refusal as set forth in subparagraph 11.F.

F. Right of First Refusal. If you propose to transfer or assign this Agreement or your interest herein or in you or the business, in whole or in part, to any third party, including, without limitation, any

transfer contemplated by subparagraph 11.E or any transfer described in subparagraph 11.A, you first must offer to sell to us your interest under the same terms. In the event of a bona fide offer from such third party, you must obtain from the third-party offeror and deliver to us a statement in writing, signed by the offeror and by you, of the terms of the offer. In the event the proposed transfer results from a transfer under subparagraphs 11. A 1 through 11. A 3, or your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, you first must offer to sell to us your interest in this Agreement and the land, building equipment, furniture and fixtures, and any leasehold interest used in the operation of your Gym. Unless otherwise agreed to in writing by us and you, the purchase price for our purchase of assets in the event of a transfer that occurs by a transfer under subparagraphs 11.A 1 through 11.A 2 or insolvency or bankruptcy filing will be established by a qualified appraiser selected by the parties and in accordance with the price determination formula established in subparagraph 14.B (the formula that includes the value of any goodwill of the business) in connection with an asset purchase upon expiration. In addition, unless otherwise agreed to in writing by us and you, the transaction documents, which we will prepare, will be those customary for this type of transaction and will include representations and warranties then customary for this type of transaction. If the parties cannot agree upon the selection of such an appraiser, a Judge of the United States District Court for the District in which the Authorized Location is located will appoint one upon petition of either party.

You or your legal representative must deliver to us a statement in writing incorporating the appraiser's report and all other information we have requested. We then have 30 days from our receipt of the statement setting forth the third-party offer or the appraiser's report and other requested information to accept the offer by delivering written notice of acceptance to you. Our acceptance of any right of first refusal will be on the same price and terms set forth in the statement delivered to us, provided, however, we have the right to substitute equivalent cash for any noncash consideration included in the offer. If we fail to accept the offer within the 30-day period, you will be free for 90 days after such period to affect the disposition described in the statement delivered to us provided such transfer is in accordance with this Paragraph 11. You may affect no other sale or assignment of you, this Agreement, or the business without first offering the same to us in accordance with this subparagraph 11.F.

G. Transfer by Us. We have the right to sell or assign, in whole or in part, our interest in this Agreement. In addition, we may assign certain of our obligations or duties under this Agreement to a sub-franchisor or area developer. For example, a sub-franchisor or area developer may assist us with or provide training or ongoing supervision to our franchisees.

DISPUTE RESOLUTION

12. The following provisions apply with respect to dispute resolution:

A. Mediation. Before any party may bring an action in court or against the other or commence an arbitration proceeding (except as noted in Section 12 C below), the parties must first meet to mediate the dispute. The mediation will be held in the city in which our headquarters are located at the time of the mediation. Any such mediation will be non-binding and conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes.

B. Arbitration. Except as qualified below, any dispute between you and us or any of our or your affiliates arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or your Gym or Authorized Location must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures. Any arbitration must be on an individual basis and the parties, and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines

that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate will become null and void and the parties must submit all claims to the jurisdiction of the courts. The arbitration must take place in the city where our headquarters is located at the time of the dispute.

The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least 5 years of significant experience in franchise law. A judgment may be entered upon the arbitration award by any state or federal court in the state where we maintain our headquarters or the state where your Gym is located. The decision of the arbitrator will be final and binding on all parties to the dispute, however, the arbitrator may not under any circumstances (1) stay the effectiveness of any pending termination of this Agreement, (2) assess punitive or exemplary damages, or (3) make any award which extends, modifies, or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set.

C. Exceptions to Arbitration. Notwithstanding Section 12 B, the parties agree that the following claims will not be subject to arbitration:

1. any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder, and

2. any action in ejectment or for possession of any interest in real or personal property.

D. Attorneys' Fees. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for the Gym or Authorized Location, or the business will be entitled to recover its reasonable attorneys' fees and costs.

DEFAULT AND TERMINATION

13. The following provisions apply with respect to default and termination:

A. Defaults. You are in default if we determine that you or any Operating Partner or guarantor has breached any of the terms of this Agreement or any other agreement between you and us, which without limiting the generality of the foregoing includes making any false report to us, intentionally understating or underreporting or failure to pay when due any amounts required to be paid to us, conviction of you, an Operating Partner, or a guarantor of (or pleading no contest to) any misdemeanor that brings or tends to bring any of the Trademarks into disrepute or impairs or tends to impair your reputation or the goodwill of any of the Trademarks or the Gym, any felony, filing of tax or other liens that may affect this Agreement, voluntary or involuntary bankruptcy by or against you or any Operating Partner or guarantor, insolvency, making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors.

B. Termination by Us. We have the right to terminate this Agreement in accordance with the following provisions

1. Termination After Opportunity to Cure. Except as otherwise provided in this subparagraph 13 B or elsewhere in the Agreement (i) you will have 30 days from the date of our issuance of a written notice of default to cure any default under this Agreement, other than a failure to pay amounts due or submit required reports, in which case you will have ten days to cure those defaults, (ii) your failure

to cure a default within the 30-day or ten-day period will provide us with good cause to terminate this Agreement, (iii) the termination will be accomplished by mailing or delivering to you written notice of termination that will identify the grounds for the termination, and (iv) the termination will be effective immediately upon our issuance of the written notice of termination.

2. Immediate Termination With No Opportunity to Cure. In the event any of the following defaults occurs, you will have no right or opportunity to cure the default and this Agreement will terminate effective immediately on our issuance of written notice of termination any material misrepresentation or omission in your franchise application, your voluntary abandonment of this Agreement or the Authorized Location, the loss of your lease, the failure to timely cure a default under the lease, the loss of your right of possession or failure to reopen or relocate under subparagraph 5.D, the closing of the Gym by any state or local authorities for health or public safety reasons, failure to locate a site and sign a lease for your Gym within 6 months after signing this Agreement, failure to complete our initial training program, any unauthorized use of the Confidential Information, insolvency of you, an Operating Partner, or guarantor, you, an Operating Partner, or guarantor making an assignment or entering into any similar arrangement for the benefit of creditors, any default under this Agreement that materially impairs the goodwill associated with any of the Trademarks, conviction of you, any Operating Partners, or guarantors of (or pleading no contest to) any felony regardless of the nature of the charges, or any misdemeanor that brings or tends to bring any of the Trademarks into disrepute or impairs or tends to impair your reputation or the goodwill of the Trademarks or the Gym, intentionally understating or underreporting Gross Sales, Royalty Fees or Marketing Fees or any understatement or 2% variance on a subsequent audit within a 3 year period under subparagraph 9.J, violation by you of the provisions of subparagraph 15.P, any unauthorized transfer or assignment in violation of Paragraph 11 or any default by you that is the third same or similar default within any 12-month consecutive period.

3. Immediate Termination After No More than 24 Hours to Cure. In the event that a default under this Agreement occurs that violates any health safety or sanitation law or regulation, violates any system standard as to cleanliness, health and sanitation, or if the operation of the Gym presents a health or safety hazard to your customers or to the public (i) you will have no more than 24 hours after we provide written notice of the default to cure the default, and (ii) if you fail to cure the default within the 24 hour period, this Agreement will terminate effective immediately on our issuance of written notice of termination.

4. Effect of Other Laws. The provisions of any valid, applicable law or regulation prescribing permissible grounds, cure rights or minimum periods of notice for termination of this franchise supersede any provision of this Agreement that is less favorable to you.

C. Termination by You. You may terminate this Agreement as a result of a breach by us of a provision of this Agreement provided that (i) you provide us with written notice of the breach that identifies the grounds for the breach, and (ii) we fail to cure the breach within 30 days after our receipt of the written notice. If we fail to cure the breach, the termination will be effective 30 days after our receipt of your written notice of breach. Your termination of this Agreement under this Paragraph will not release or modify your post-Term obligations under Paragraph 14 of this Agreement.

POST-TERM OBLIGATIONS

14. Upon the expiration or termination of this Agreement, or the expiration of any Interim:

A. Reversion of Rights Discontinuation of Trademark Use. All of your rights to the use of the Trademarks and all other rights and licenses granted herein and the right and license to conduct-business under the Trademarks at the Authorized Location will revert to us without further act or deed of any party. All of your right, title, and interest in, to and under this Agreement will become our property. Upon our

demand, you must assign to us or our assignee your remaining interest in any lease then in effect for the Gym (although we will not assume any past due obligations). You must immediately comply with the post-term non-compete obligations under subparagraph 10.D, cease all use and display of the Trademarks and of any proprietary material (including the Operations Manual) and of all or any portion of point-of-sale materials furnished or approved by us, assign all right, title, and interest in the telephone numbers for the Gym and cancel or assign, at our option, any assumed name rights or equivalent registrations filed with authorities. You must pay all sums due to us or our designees and all sums you owe to third parties that have been guaranteed by us. You must immediately return to us, at your expense, all copies of the Operations Manual, Confidential Information, and membership lists then in your possession or control or previously disseminated to your employees and continue to comply with confidentiality provisions of subparagraph 6.J. You must promptly at your expense and subject to subparagraph 14.B, remove or obliterate all Gym signage, displays or other materials (electronic or tangible) in your possession at the Authorized Location or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks and so alter the appearance of the Gym as to differentiate the Gym unmistakably from duly licensed Gyms identified by the Trademarks. If, however, you refuse to comply with the provisions of the preceding sentence within 30 days, we have the right to enter the Authorized Location and remove all Gym signage, displays or other materials in your possession at the Authorized Location or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks, and you must reimburse us for our costs incurred. Notwithstanding the foregoing, in the event of expiration or termination of this Agreement (or the expiration of any Interim Period), you will remain liable for your obligations pursuant to this Agreement or any other agreement between you and us that expressly or by their nature survive the expiration or termination of this Agreement.

B. Purchase Option. We have the right to purchase or designate a third party that will purchase all or any portion of the assets of your Gym that are owned by you or any of your affiliates including, without limitation, the land, building, equipment, fixtures, signage, furnishings, supplies, leasehold improvements, and inventory of the Gym at a price determined by a qualified appraiser (or qualified appraisers if one party believes it is better to have a real estate appraiser appraise the value of the land and building and a business appraiser appraise the Gym's other assets) selected with the consent of both parties, provided we give you written notice of our preliminary intent to exercise our purchase rights under this Paragraph within 30 days after the date of the expiration or termination of this Agreement, or the expiration of any Interim Period. If the parties cannot agree upon the selection of an appraiser(s), one or both will be appointed by a Judge of the United States District Court for the District in which the Authorized Location is located upon petition of either party.

The price determined by the appraiser(s) will be the reasonable fair market value of the assets based on their continuing use in, as, and for the operation of a PERFORMANCE360® Gym and the appraiser will designate a price for each category of asset (e g, land, building, equipment, fixtures, etc.), but shall not include the value of any goodwill of the business, as the goodwill of the business is attributable to the Trademarks and the System.

Within 45 days after our receipt of the appraisal report, we or our designated purchaser will identify the assets, if any, that we intend to purchase at the price designated for those assets in the appraisal report. We or our designated purchaser and you will then proceed to complete and close the purchase of the identified assets, and to prepare and execute purchase and sale documents customary for the assets being purchased, in a commercially reasonable time and manner. We and you will each pay one-half of the appraiser's fees and expenses. Our interest in the assets of the Gym that are owned by you, or your affiliates will constitute a lien thereon and may not be impaired or terminated by the sale or other transfer of any of those assets to a third party. Upon our or our designated purchaser's exercise of the purchase option and tender of payment, you agree to sell and deliver, and cause your affiliates to sell and deliver, the purchased assets to us or our designated purchaser, free and clear of all encumbrances, and to

execute and deliver, and cause your affiliates to execute and deliver, to us or our designated purchaser a bill of sale therefore and such other documents as may be commercially reasonable and customary to effectuate the sale and transfer of the assets being purchased.

If we do not exercise our option to purchase under this subparagraph, you may sell or lease the Gym premises to a third party purchaser, provided that your agreement with the purchaser includes a covenant by the purchaser, which is expressly enforceable by us as a third party beneficiary, pursuant to which the purchaser agrees, for a period of two years after the expiration or termination of this Agreement, or the expiration of any Interim Period, not to use the premises for the operation of a Gym business that has a method of operation similar to that employed by our company-owned or franchised Gyms.

C. Claims. You and your Operating Partners and guarantors may not assert any claim or cause of action against us relating to this Agreement or the PERFORMANCE360® Business after the shorter period of the applicable statute of limitations or one year following the effective date of termination of this Agreement, provided that where the one-year limitation of time is prohibited or invalid by or under any applicable law, then and in that event no suit or action may be commenced or maintain unless commenced within the applicable statute of limitations.

GENERAL PROVISIONS

15. The parties agree to the following provisions:

A. Severability. In the event one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, earned out and enforced as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding must, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

B. Waiver/Integration. No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach. Subject to our rights to modify the Systems and/or standards and as otherwise provided herein, this Agreement may not be waived, altered, or rescinded, in whole or in part, except by a writing signed by you and us.

This Agreement together with all schedules, addenda and appendices to this Agreement constitutes the entire agreement between the parties and supersedes any and all prior negotiations, understandings, representations, and agreements. Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document we furnished to you.

C. Notices. Except as otherwise provided in this Agreement, any notice, demand, or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service, or postage prepaid, and if such notice is a notice of default or termination, by registered or certified mail, and addressed as follows:

1. If intended for us, addressed to PERFORMANCE360 Franchise Group, LLC, 4515 Gresham Street, San Diego, California 92109.

2. If intended for you, addressed to you at the address set forth on the Data Sheet or at the Authorized Location, or, in either case, to such other address as may have been designated by written notice to the other party. Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this subparagraph.

D. Authority. Any modification, consent, approval, authorization, or waiver granted hereunder required to be effective by signature will be valid only if in writing executed by you or, if on behalf of us, in writing executed by our President or one of our authorized officers.

E. References. If the franchisee is two or more individuals, the individuals are jointly and severally liable, and references to you in this Agreement include all of the individuals. Headings and captions contained herein are for conveyance of reference and may not be taken into account in construing or interpreting this Agreement.

F. Guarantee. Your spouse and all persons owning any interest in Franchisee, if Franchisee is a corporation, limited liability company, partnership, or other legal entity, must execute the form of undertaking and guarantee at the end of this Agreement. Any person or entity that at any time after the date of this Agreement becomes an owner pursuant to the provisions of Paragraph 11 or otherwise must execute the form of undertaking and guarantee at the end of this Agreement.

G. Successors/Assigns. Subject to the terms of Paragraph 11 hereof, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

H. Interpretation of Rights and Obligations. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. Applicable Law and Waiver. Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Paragraph 12 of this Agreement, the parties' rights under this Agreement, and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state where your Gym is located.

2. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute, and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify the requirements of subparagraph 5.E and other express limitations set forth in this Agreement.

3. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Trademarks, improving

customer service and satisfaction, improving product quality, improving uniformity, enhancing, or encouraging modernization and improving the competitive position of the System.

I. Venue. Any cause of action, claim, suit, or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Paragraph 12, must be brought in the state or federal district court located in the county or district encompassing our headquarters. Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this subparagraph will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this subparagraph and with a complete understanding thereof, you agree to be bound in the manner set forth.

J. Jury Waiver. All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement.

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

L. Relationship of the Parties. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer, or employee of the other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. Without limiting the generality of the foregoing, we shall have no liability in connection with or related to the products or services rendered to you by any third party, even if we required, approved, or consented to the product or service or designated or approved the supplier.

M. Force Majeure. In the event of any failure of performance of this Agreement according to its terms by any party, the same will not be deemed a breach of this Agreement if it arose from a cause beyond the control of and without the negligence of said party. Such causes include, but are not limited to, strikes, wars, riots, and acts of government except as may be specifically provided for elsewhere in this Agreement.

N. Adaptations and Variances. Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, we have the right to vary the training, Systems and other standards, specifications, and requirements for any franchised Gym or franchisee based upon the customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such Gym, franchisee's business or the System. We are not required to grant to you a like or other variation as a result of any variation from standard specifications or requirements granted to any other franchisee. You acknowledge that you are aware that our other franchisees operate under a number of different forms of agreement that were entered into at different times and that, consequently, the obligations and rights of the parties to other agreements may differ materially in certain instances from your rights and obligations under this Agreement.

O. Notice of Potential Profit. We may from time to time make available to you or require you to purchase goods, products and/or services for use in your Gym on the sale of which we may make a profit. Further, we may from time to time receive consideration from suppliers and/or manufacturers in

respect to sales of goods, products, or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we are entitled to said profits and/or consideration.

P. Effective Date. We will designate the "Effective Date" of this Agreement in the space provided on the Data Sheet. If no Effective Date is designated on the Data Sheet, the Effective Date is the date when we sign this Agreement. However, as described in subparagraph 5.A, you do not have the right to, and may not, open and commence operation of a Gym at the Authorized Location until we notify you that you have satisfied all of the pre-opening conditions set forth in this Agreement.

Q. Anti-Terrorism Provision. You and each Operating Partner represent and warrant to us that (a) neither you nor any Operating Partner is named, either directly or by an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U S Treasury Department's Office of Foreign Assets Control currently located at www.treas eov/offices/enforcement/ofac/; (b) you and each Operating Partner will take no action that would constitute a violation of any applicable laws against corrupt business practices, against money laundering and against facilitating or supporting persons or entities who conspire to commit acts of terror against any person or entity, including as prohibited by the US Patriot Act (currently located at www.epic.org/pnvacv/terrorism/hr3I62 html.) US Executive Order 13244 (currently located at www.treas gov/offices/enforcement/ofac/sanctions/terrorism.html) or any similar laws, and (c) you and each Operating Partner shall immediately notify us in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate, or misleading.

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

[SIGNATURE ON THE NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date stated below.

FRANCHISOR
PERFORMANCE360 Franchise Group, LLC
A California limited liability company

Signature _____

Printed Name Dave Thomas

Title Manager

*Date _____
(*Effective Date of this Agreement)

FRANCHISEE

_____
(Name of Individual or Entity)

Signature _____

Printed Name _____

Title _____
(Title of Signor, if applicable)

SCHEDULE A
To the Franchise Agreement

DATA SHEET

1. **Franchisee:** _____
_____
_____
_____

2. **Operating Partner:** You represent and warrant to us that the following person or entity, and only the following person or entity, will be your Operating Partner:

Name	Home Address	Percentage of Ownership

3. **Authorized Location.** As stated in subparagraph 2.A of the Franchise Agreement, the Authorized Location is:

_____

4. **Designated Territory:** As stated in subparagraph 2.C of the Franchise Agreement, the Designated Territory under this Agreement shall mean:

_____
_____
_____
_____

Effective Date: _____

[Signatures on following page]

By signing below, you acknowledge that the Authorized Location noted above was chosen and approved by you.

FRANCHISOR
PERFORMANCE360 Franchise Group, LLC
A California limited liability company

Signature _____

Printed Name Dave Thomas

Title Manager

*Date _____
(*Effective Date of this Agreement)

FRANCHISEE

_____
(Name of Individual or Entity)

Signature _____

Printed Name _____

Title _____
(Title of Signor, if applicable)

SCHEDULE B
To the Franchise Agreement

TRADEMARKS

Mark	Registration Date	Registration Number
Performance 360	May 22, 2012	4146434
Become More	May 15, 2018	5469329

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

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

SCHEDULE C
To the Franchise Agreement

ADDENDUM TO LEASE

This Addendum to Lease ("Addendum"), dated_____ 20__, is entered into between _____ ("Landlord") and _____ ("Tenant").

RECITALS

The parties have entered into a Lease Agreement, dated_____, 20___ (the "Lease), pertaining to the premises located at _____ (the "Premises").

The Landlord acknowledges that Tenant intends to operate a PERFORMANCE360 Gym ("Gym") from the Premises pursuant to Tenant's Franchise Agreement with PERFORMANCE360 Franchise Group, LLC ("Franchisor") dated _____ (the "Franchise Agreement"), whereby Tenant will utilize the PERFORMANCE360® Gym name and the PERFORMANCE360® Mark as Franchisor may designate in the operation of the Gym at the Premises.

Landlord further acknowledges that Franchisor has approved Tenant's request to locate its Gym on the Premises that is the subject of the Lease, provided that the conditions and agreements set forth in this Addendum are made a part of the Lease.

AGREEMENTS

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree to amend the Lease as follows:

1. Remodeling and Décor.

Landlord agrees that Tenant has the right to remodel, equip, paint, and decorate the interior of the Premises and to display such Marks and signs on the interior and exterior of the Premises as Tenant is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Tenant may operate a Gym on the Premises. Any remodel of the building and/or its signs shall be subject to Landlord's prior and reasonable approval.

2. Assignment By Tenant:

(a) Tenant does not have the right to sublease or assign the Lease to any third party without Landlord's and Franchisor's written approval.

(b) So long as Tenant is in good standing under the Lease, Tenant has the right to assign all of its right, title, and interest in the Lease to Franchisor or its affiliates during the term of the Lease, including any extensions or renewals, without first obtaining Landlord's consent. No assignment will be effective, however, until Franchisor or its designated affiliate gives Landlord written notice of its acceptance of the assignment. Franchisor will be responsible for the Lease obligations incurred after the effective date of the assignment.

(c) If Franchisor elects to assume the Lease, Franchisor shall not be required to begin paying rent until Landlord delivers possession of the Premises to the Franchisor. At any time until the

Landlord delivers possession of the Premises, Franchisor shall have the right to rescind the election to assume by written notice to Landlord.

3. Default and Notices to Franchisor

(a) Landlord shall send Franchisor copies of all notices of default under the Lease at the same time it provides Tenant with such notice. If Tenant fails to cure any defaults within the period specified in the Lease, Landlord shall promptly give Franchisor written notice thereof, specifying the defaults that Tenant has failed to cure. Franchisor has the right to unilaterally assume the Lease if Tenant fails to cure. Franchisor shall have 15 days from the date Franchisor receives such notice to exercise, by written notice to Landlord and Tenant, its right for Franchisor or its affiliate designee ("Franchisor Entity"), to assume the Lease Franchisor shall have an additional 30 days from the expiration of Tenant's cure period in which to cure the default or violation.

(b) If Franchisor elects to assume the Lease, the Franchisor Entity shall not be required to cure defaults and/or to begin paying rent until Landlord delivers possession of the Premises to the Franchisor Entity. At any time until Landlord delivers possession of the Premises, Franchisor shall have the right to rescind the election to assume by written notice to Landlord.

4. Termination of Franchise Agreement; Expiration or Non-Renewal of Lease

(a) If the Franchise Agreement is terminated for any reason during the term of the Lease or any renewal or extension thereof, and if Franchisor desires to assume the Lease, Franchisor shall promptly give Landlord written notice thereof. Within 30 days after receipt of such notice. Landlord shall give Franchisor written notice specifying any defaults of Tenant under the Lease. If Franchisor elects to assume the Lease, Franchisor must cure said defaults consistent with paragraph 3 above.

(b) If the Lease contains term renewal or extension right(s) and if Tenant allows the term to expire without exercising said right(s), Landlord shall give Franchisor written notice thereof, and a Franchisor Entity shall have the option, for 30 days after receipt of said notice, to exercise the Tenant's renewal or extension right(s) on the same terms and conditions as are contained in the Lease. If a Franchisor Entity elects to exercise such right(s), it shall so notify Landlord in writing, whereupon Landlord and the Franchisor Entity shall promptly execute and deliver an agreement whereby the Franchisor Entity assumes the Lease, effective at the commencement of the extension or renewal term.

5. Access to Premises Following Expiration or Termination of Lease

Upon the expiration or termination of the Lease, Landlord will cooperate with and assist Franchisor in gaining possession of the Premises and, if the Franchisor Entity does not elect to assume the Lease for the Premises consistent with subparagraphs 3(a) or 4(b) above, Landlord will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord except for any damages caused by Franchisor's willful misconduct or gross negligence, to remove all signs and all other items identifying the Premises as a PERFORMANCE360® Gym and to make such other modifications (such as repainting) as are reasonably necessary to protect the PERFORMANCE360® Mark and system, and to distinguish the Premises from PERFORMANCE360® Gyms. In the event Franchisor exercises its option to purchase assets of Tenant, Landlord must permit Franchisor to remove all such assets being purchased by Franchisor.

6. Assumption and Subsequent Assignment by Franchisor.

If Franchisor elects to assume the Lease under paragraph 2, or unilaterally assumes the Lease as provided for in paragraphs 3 or 4, Landlord and Tenant agree that:

(a) Tenant will remain liable for the responsibilities and obligations, including amounts owed to Landlord, prior to the date of assignment and assumption. Further, Tenant shall be and remain liable to Landlord for all of its obligations under the Lease, notwithstanding any assignment or assumption of the Lease by Franchisor. Franchisor shall be entitled to recover from Tenant all amounts it pays to Landlord to cure. Tenant's defaults under the Lease, including interest and reasonable collection costs.

(b) Franchisor, upon taking possession of the Premises, shall cure any default specified by Landlord within the timeframes noted herein and shall execute and deliver to Landlord its assumption of Tenant's rights and obligations under the Lease. Franchisor shall pay, perform, and be bound by all the duties and obligations of the Lease applicable to Tenant, except that the Franchisor may elect not to assume or be bound by the terms of any Amendment to the Lease executed by Tenant without obtaining Franchisor's prior written approval, which shall not be unreasonably withheld or delayed.

(c) At or after the time Franchisor assumes Tenant's interests under the Lease, the Franchisor may, at any time, assign such interests or sublet the Premises to a PERFORMANCE360® franchisee. Any such assignment shall be subject to the prior written consent of the Landlord, which Landlord shall not unreasonably withhold as it relates to a creditworthy franchisee who otherwise meets Franchisor's then-current standards and requirements for franchisees and agrees to operate the Gym as PERFORMANCE360® Gym pursuant to a Franchise Agreement with Franchisor. Upon receipt by Landlord of an assumption agreement pursuant to which the assignee agrees to assume the Lease and to observe the terms, conditions, and agreements on the part of Tenant to be performed under the Lease, the Franchisor shall thereupon be released from all liability as tenant under the Lease from and after the date of assignment, without any need of a written acknowledgement of such release by Landlord.

7. Access to Premises During Lease.

As provided in the Franchise Agreement, Franchisor shall have the right to access the Premises during continuance of the Lease to ensure compliance by Tenant with its obligations under the Franchise Agreement.

8. Additional Provisions.

(a) Landlord hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Tenant plans to operate its business and the Tenant would not lease the Premises without this Addendum.

(b) Landlord further acknowledges that Tenant is not an agent or employee of Franchisor and the Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Landlord has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liability of or against Franchisor or any affiliate of Franchisor, unless and until the Lease is assigned to, and accepted in writing by Franchisor.

(c) All notices to Franchisor required by this Addendum must be in writing and sent by registered or certified mail, postage prepaid, to the following address:

PERFORMANCE360 Franchise Group, LLC
4515 Gresham Street
San Diego, California 92109

Franchisor may change its address for receiving notices by giving Landlord written notice of the new address Landlord agrees that it will notify both Tenant and Franchisor of any change in Landlord's mailing address to which notices should be sent.

9. Sales Reports.

If requested by Franchisor, Landlord will provide Franchisor with whatever information Landlord has regarding Tenant's sales from the Gym.

10. Conflicts.

In the event of a conflict between the terms of the Lease and the terms set forth in this Addendum, the terms set forth herein shall govern. In the event of a conflict between notices provided to Landlord by Tenant and Franchisor, the notices of Franchisor shall prevail.

11. Miscellaneous.

Any waiver excusing or reducing any obligation imposed by this Addendum shall be in writing and executed by the party who is charged with making the waiver and shall be effective only to the extent specifically allowed in such writing. The language used in this Addendum shall in all cases be construed simply according to its fair meaning and not strictly for or against any party. Nothing in this Addendum is intended, nor shall it be deemed, to confer any rights or remedies upon any person or entity not a party hereto. This Addendum shall be binding upon and shall inure to the benefit of, the successors, assigns, heirs, and personal representatives of the parties hereto. This Addendum sets forth the entire agreement with regard to the rights of Franchisor, fully superseding any and all prior agreements or understandings between the parties pertaining to the subject matter of this Addendum. This Addendum may only be amended by written agreement duly executed by each party.

[Signature on the Next Page]

IN WITNESS WHEREOF, this Addendum is made and entered into by the undersigned parties as of _____, 20____.

LANDLORD: _____

By: _____

Printed Name: _____

Its: _____

FRANCHISEE: _____

By: _____

Printed Name: _____

Its: _____

_____

By: _____

Printed Name: _____

Its: _____

SCHEDULE D
To the Franchise Agreement

Electronic Transfer of Funds Authorization

Franchisee: _____
Location: _____
Date: _____

NEW	CHANGE

Attention: Bookkeeping Department

The undersigned hereby authorizes PERFORMANCE360 Franchise Group, LLC, or any affiliated entity (collectively, "Franchisor") to initiate ACH debit entries against the account of the undersigned with you in payment of amounts for Royalty Fees, Advertising Fees or other amounts that become payable by the undersigned to Franchisor. The dollar amount to be debited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by Franchisor.

This authorization is binding and will remain in full force and effect until 90 days prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization.

Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit entries.

Sincerely yours,

_____

We also need a VOIDED CHECK

Account Name

_____
Bank Name

_____
Branch

_____
Street Address

_____
City State Zip Code

_____
Bank Telephone Number

_____
Bank Routing Number

_____
Customer's Account Number

_____
Street Address

_____
City State Zip Code

_____
Telephone Number

By: _____

Its: _____

Date: _____

SCHEDULE E
To the Franchise Agreement

Telephone Assignment Agreement

This Assignment Agreement (the "Assignment") is made, and entered into, between PERFORMANCE360 Franchise Group, LLC, a California limited liability company ("Company") and the undersigned _____ ("Franchisee").

RECITALS

A. Company has developed a unique system for the establishment and operation of a strength and conditioning Gym for use by the public (the "System"),

B. Company and Franchisee have entered into a Franchise Agreement dated _____(the "Franchise Agreement"), pursuant to which Franchisee was granted the right to operate a PERFORMANCE360® Gym under the System, and

C. It is the desire of and in the best interests of Company and the System that in the event the Franchise Agreement terminates or expires, the telephone numbers, telephone directory listings and internet addresses used by Franchisee in connection with the operation of its PERFORMANCE360® Gym are assigned to Company.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing and Company agreeing to enter into the Franchise Agreement, Company and Franchisee agree as follows:

1. Franchisee hereby agrees to assign to Company (i) those certain telephone numbers and regular, classified, or other telephone directory listings used by Franchisee in connection with operating the PERFORMANCE360® Gym (collectively, the "Numbers and Listings") and (ii) those certain Internet Web Site addresses ("URLs") associated with the PERFORMANCE360® trademarks and service marks and used from time to time by Franchisee in connection with the operation of its PERFORMANCE360® Gym.

2. This Assignment is for collateral purposes only and, except as specified herein, Company will have no liability or obligation of any kind whatsoever arising from or in connection with Franchisee's use of the Numbers and Listings and the URLs, unless and until Company notifies the telephone company and the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as "Telephone Company") and Franchisee's Internet service provider ("ISP") to effectuate the assignment pursuant to the terms hereof.

3. Upon termination or expiration of the Franchise Agreement (without renewal or extension), Company will have the right and is hereby empowered to effectuate the assignment of the Numbers and Listings and the URLs to itself or to any third party it designates. In the event Company exercises its assignment rights Franchisee will have no further right, title or interest in the Numbers and Listings or the URLs, provided, however, Franchisee will remain liable to the Telephone Company and the ISP for any and all past due fees owing to the Telephone Company and the ISP on or before the effective date of the assignment.

4. Franchisee acknowledges and agrees that as between Company and Franchisee, upon termination or expiration of the Franchisee Agreement, Company will have the sole right to and interest in the Numbers and Listings and the URLs, and Franchisee appoints Company as Franchisee's true and lawful attorney-in-fact to direct the Telephone Company and the ISP to assign the same to Company and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee will immediately notify the Telephone Company and the ISP to assign the Numbers and Listings and the URLs to Company. If Franchisee fails to promptly direct the Telephone Company and the ISP to assign the Numbers and Listings and the URLs to Company, Company will direct the Telephone Company and the ISP to effectuate the assignment contemplated hereunder to Company.

5. The parties agree that the Telephone Company and the ISP may accept Company's written direction, the Franchise Agreement, or this Assignment as conclusive proof of Company's exclusive rights in and to the Numbers and Listings and the URLs upon such termination or expiration of the Franchise Agreement and that such assignment shall be made automatically and effective immediately upon Telephone Company's and ISP's receipt of such notice from Company or Franchisee. The parties further agree that if the Telephone Company or the ISP requires that the parties execute the Telephone Company's or the ISP's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Company's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

Agreed to this _____ day of _____, 20____

FRANCHISOR
PERFORMANCE360 Franchise Group, LLC
A California limited liability company

Signature _____

Printed Name Dave Thomas

Title Manager

*Date _____
(*Effective Date of this Agreement)

FRANCHISEE

_____
(Name of Individual or Entity)

Signature _____

Printed Name _____

Title _____
(Title of Signor, if applicable)

SCHEDULE F
To the Franchise Agreement

Personal Guarantee and Agreement to be Bound Personally by the Terms and Conditions of the Franchise Agreement

In consideration of the execution of the Franchise Agreement by PERFORMANCE360 Franchise Group, LLC , and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Franchise Agreement, to be paid, kept and performed by the franchisee, including without limitation the arbitration and other dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including but not limited to the non-compete provisions in subparagraph 10.D, and agree that this Personal Guarantee will be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of this Franchise Agreement.

The undersigned waives (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed, (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed, and (3) any right he/she may have to require that an action be brought against the franchisee or any other person as a condition of liability.

In addition, the undersigned consents and agrees that (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the franchisee or any other person, and (2) such liability will not be diminished, relieved or otherwise affected by franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Franchise Agreement, or the amendment or extension of the Franchise Agreement with or without notice to the undersigned.

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

FRANCHISEE: _____

PERSONAL GUARANTORS:

_____			_____		
Individually			Individually		
_____			_____		
Print Name			Print Name		
_____			_____		
Address			Address		
_____			_____		
City	State	Zip Code	City	State	Zip Code
_____			_____		
Telephone			Telephone		

SCHEDULE G
To the Franchise Agreement

Addendum to PERFORMANCE360 Franchise Group, LLC Franchise Agreement

This Addendum to the Franchise Agreement ("Addendum"), dated _____, 20____, is entered into between _____ ("Franchisee"), and PERFORMANCE360 Franchise Group, LLC ("Franchisor").

RECITALS

A. The parties have entered into separate Franchise Agreements, all dated , _____, 20_____ , relating to the development and operation of PERFORMANCE360® Gym around the following locations (1) _____ (the "Agreement"), (2) _____ (the " Agreement"), (3) _____(the "Agreement").

B. The parties desire to amend Sections 2.A and 2.B of the Agreement in accordance with the terms and conditions contained in this Addendum.

AGREEMENT

Franchisor and Franchisee agree that the Agreement is hereby modified as follows:

1. Paragraph 2.A is deleted in its entirety and replaced with the following:

   A. Authorized Location. We grant to you the right and license to establish and operate a Gym identified by the PERFORMANCE360® Trademarks or such other marks as we may direct at the location identified on the Data Sheet, which location must be designated within _____ days from the date of this Agreement (the "Authorized Location"). When a location has been designated by you and you have received a non-objection (approval) notice from us, it will become part of this subparagraph 2.A as if originally stated. If an Authorized Location is not designated by you and approved by us within ___ days from the date of this Agreement, we may terminate this Agreement. You accept the license and undertake the obligation to operate the Gym at the Authorized Location using the Trademarks and the System in compliance with the terms and conditions of this Agreement.

2. Paragraph 2.B is deleted in its entirety and replaced with the following:

   B. Opening. You agree that the Gym will be open and operating in accordance with the requirements of subparagraph 5.A within ___ to ___ days from the date of this Agreement unless we authorize in writing an extension of time. Before you open your Gym for business, we will inspect your Gym and provide you with a Franchise Certificate of Approval.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement on the dates written below.

Franchisor: PERFORMANCE360 Franchise Group, LLC

By: _____
Dave Thomas

Its: Manager

Franchisee: _____

By: _____

Printed Name: _____

Its: _____

By: _____

Printed Name: _____

Its: _____

SCHEDULE H
To the Franchise Agreement

COMPUTER AND SOFTWARE REQUIREMENTS

A. Point of Sale Platform for Gym

1. PERFORMANCE360 locations must use provided POS platform

B. Gym Office

1. Color Printer

C. Gym IT Environment

1. Gym required to maintain PCI-DSS compliance
2. DVR security cameras require a PCI complaint configuration
3. If site provides wireless access a separate Internet connection and local area network is required
4. POS network minimum internet bandwidth – 3Mbps download / 2Mbps upload

EXHIBIT B

TO THE FRANCHISE DISCLOSURE DOCUMENT

STATE ADDENDUM

CALIFORNIA ADDENDUM

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 DISCLOSUREDOCUMENT

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

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

A. The franchisor, any person or franchise broker in Item 2 of the franchise disclosure document is not subject to any current effective order of any national securities association or national securities exchange, as define in the Securities Exchange Act of 1934, 15 U S C A 78a et seq, suspending or expelling such person from membership in such association or exchange.

B. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U S C A See 101 et seq.)

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

D. The franchise agreement may contain a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

E. The franchise agreement requires binding arbitration. The arbitration will occur in the city where our headquarters are then located (currently, San Diego County, California) with the costs being borne by the non-prevailing party.

   Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as the 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.

   Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Financial Protection and Innovation before we ask you to consider a material modification of your franchise agreement.

   You must sign a general release of claims if you renew or transfer your franchise 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.

F. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act

G. 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..

H. The franchise agreement contains a provision requiring you to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

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

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR CALIFORNIA FRANCHISEES

This Addendum to the Franchise Agreement (the "Franchise Agreement") dated _____ between PERFORMANCE360 Franchise Group, LLC (the "Franchisor") and _____ (the "Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of California, (b) Franchisee is a resident of the State of California, and/or (c) the franchised business will be located or operated in the State of California.

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

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

Franchisor: PERFORMANCE360 Franchise Group, LLC

By: _____
Dave Thomas

Its: Manager

Franchisee: _____

By: _____

Printed Name: _____

Its: _____

By: _____

Printed Name: _____

Its: _____

HAWAII ADDENDUM

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAH FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR 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, OR PERFORMANCE360®, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR PERFORMANCE360® WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

ILLINOIS ADDENDUM

YOU DO NOT RECEIVE AN EXCLUSIVE TERRITORY. WE CAN COMPETE WITH YOU IN NON-TRADITIONAL (SPECIAL SITE) LOCATIONS AND IN ALTERNATE CHANNGELS OF DISTRIBUTION

Item 17. Additional Disclosures: The following statement is added to Item 17

The conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void". To the extent that any provision in the Agreement is inconsistent with Illinois law, Illinois law will control.

Except for those cases in which Franchisor is entitled to the entry of temporary and permanent injunctions and orders of specific performance in accordance with the terms of the Franchise Agreement and claims of promissory fraud, all disputes must be arbitrated in the county in which Franchisor's principal offices are located at the time the demand for arbitration is filed.

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated _____between PERFORMANCE360 Franchise Group, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement:

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of Illinois, (b) Franchisee is a resident of the State of Illinois, and/or (c) the Franchised Business will be located or operated in the State of Illinois.

2. The following sentence is added to the end of Section 15 I:

   Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, provided that the Franchise Agreement may provide for arbitration in a forum outside of Illinois.

3. The last sentence of Section 15 H(I) is deleted and replaced by the following:

   Notwithstanding the foregoing, the Illinois Franchise Disclosure Act shall govern the Franchise Agreement

4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

5. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[Signatures on following page]

Franchisor: PERFORMANCE360 Franchise Group, LLC

By: _____
Dave Thomas

Its: Manager

Franchisee: _____

By: _____

Printed Name: _____

Its: _____

By: _____

Printed Name: _____

Its: _____

MARYLAND ADDENDUM

Item 1. Additional Disclosures: The following statements are added to Item 1

The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

Item 17. Additional Disclosures: The following statements are added to Item 17

The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The "Summary" column of Item 17(H) of the Disclosure Document, pertaining to "Cause defined - defaults that cannot be cured" is supplemented to state that any provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law.

Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, provided that the Franchise Agreement may provide for arbitration in a forum outside of Maryland

Section 14-227(e) of the Maryland Franchise Registration and Disclosure Law requires that any claims arising under that Law be brought within 3 years after the grant of the franchise

Item 22, Additional Disclosures: The following statements are added to Item 22

Item 22 of the Disclosure Document is supplemented to state that the form of general release referred to in Items 17 c and 17 m is attached to this Disclosure Document pursuant to Maryland Franchise Registration and Disclosure Law.

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR MARYLAND FRANCHISEES

This Addendum to Franchise Agreement ("Franchise Agreement") dated_____between PERFORMANCE360 Franchise Group, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of Maryland, (b) Franchisee is a resident of the State of Maryland, and/or (c) the Franchised Business will be located or operated in the State of Maryland.

2. The following sentence is added to the end of Section 1

   Representations in the Franchise Agreement are not intended to, nor shall they function as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. The following sentence is added to the end of Sections 4 B and 11 D:

   The general release required as a condition of renewal or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

4. The following sentence is added to the end of Section 15.I:

   Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, provided that the Franchise Agreement may provide for arbitration in a forum outside of Maryland.

5. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement

6. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect

[Signatures on following page]

Franchisor: PERFORMANCE360 Franchise Group, LLC

By: _____
Dave Thomas

Its: Manager

Developer: _____

By: _____

Printed Name: _____

Its: _____

By: _____

Printed Name: _____

Its: _____

MINNESOTA ADDENDUM

Item 13. Additional Disclosure: The following statement is added to Item 13

We will protect your right to use the Marks or indemnify you from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the name to the extent required by Minn Stat Sec 80C 12, Subd 1(g)

Item 17. Notice of Termination: The following statement is added to Item 17

With respect to franchises governed by Minnesota law. Franchisor will comply with Minnesota Statute § 80C 14, subdivisions 3, 4, and 5 which requires, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement

Item 17. Governing Law. Jurisdiction and Venue and Choice of Forum: The following statement is added to the cover page and Item 17

Minnesota Statutes, Section 80C21 and Minnesota Rule 2860 4400J prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction

Item 17. General Release The following statement is added to Item 17

Minnesota Rule 2860 4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C01-80C 22

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR MINNESOTA FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated_____between PERFORMANCE360 Franchise Group, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement This addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of Minnesota, (b) Franchisee is a resident of the State of Minnesota, and/or (c) the Franchised Business will be located or operated in the State of Minnesota

2. The following sentence is added to the end of Section 13 B

   With respect to franchises governed by Minnesota law. Franchisor will comply with Minnesota Statute § 80C 14, subdivision 3, 4, and 5 which requires, except in certain cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.

3. The following sentence is added to the end of Sections 4 B and 11 D

   Notwithstanding the foregoing. Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C 01 - 80C 22.

4. Section 12 C IS deleted and replaced with the following:

   Franchisor shall be entitled to the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to (1) Franchisee's use of the Trademarks, (2) the construction and equipping of the Franchised Business, (3) the obligations of Franchisee upon termination or expiration of this Agreement, (4) a Transfer of this Agreement, any ownership interest therein or in the lease for the Franchised Business, and (5) as necessary to prohibit any act or omission by Franchisee or its employees that would constitute a violation of any applicable law, ordinance, or regulation, or which is dishonest or misleading to Franchisor and/or Franchisor's other licensees

5. The following sentences are added to the end of Sections 12 B and 15 I:

   Minnesota Statute § 80C 21 and Minnesota Rule 2860 4400J prohibit Franchisor from requiring arbitration or litigation to be conducted outside Minnesota in addition, nothing in the Disclosure Document or the Franchise Agreement can abrogate or reduce any of Licensee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement

7. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

Franchisor: PERFORMANCE360 Franchise Group, LLC

By: _____
Dave Thomas

Its: Manager

Developer: _____

By: _____

Printed Name: _____

Its: _____

By: _____

Printed Name: _____

Its: _____

NEW YORK ADDENDUM

Item 3. Additional Disclosure: Item 3 is revised to read as follows:

Neither Franchisor, nor any predecessor, not any person identified in Item 2 above, nor any affiliate offering franchises under Franchisor's principal trademark

A. Has any administrative, criminal, or civil action pending against that person alleging a felony, a violation of franchise law, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations or pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

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

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

Item 4. Additional Disclosure: Item 4 is deleted and replaced with the following

Neither we nor any of our predecessors, affiliates, or officers, during the 10-year period immediately before the date of the Disclosure Document (a) filed as debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code, (b) obtained a discharge of its debts under the Bankruptcy Code, or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code or that obtained a discharge of its debts under the U S Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

Item 5. Initial Fee. Item 5 is revised to include the following language

We will use the Initial Fee to partially defer our cost in franchise selection and providing our initial services.

Item 17. Additional Disclosures: The following statements are added to Item 17

Franchisor will not assign its rights under the Franchise Agreement except to an assignee who in Franchisor's good faith and judgment is willing and financially able to assume Franchisor's obligations under the Franchisor's obligations under the Franchise Agreement or Area Development Agreement.

The New York Franchises Law requires that New York law govern any cause of action which arises under the New York Franchises Law.

Franchisee or Multi-Unit Developer may terminate the Agreement on any grounds available by law.

The foregoing choice of law should not be considered a waiver of any right conferred upon the Franchisor or upon the Franchisee or upon the Multi-Unit Developer by Article 33 of the General Business Law of the State of New York.

The New York General Business Law, Article 33, Sections 680 through 695 may supersede any provision of the Franchise Agreement inconsistent with that law.

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ADDENDUM TO THE FRANCHISE AGREEMENT
AND MULTI UNIT DEVELOPMENT AGREEMENT
REQUIRED FOR NEW YORK FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated _____between PERFORMANCE360 Franchise Group, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of New York, (b) Franchisee is a resident of the State of New York, and/or (c) the Franchised Business will be located or operated in the State of New York.

2. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

3. The following sentence is added to the end of Sections 4 B and 11 D:

   Any provision in the Franchise Agreement requiring Franchisee to sign a general release of claims against Franchisor does not release any claim Franchisee may have under New York General Business Law Article 33, Sections 680-695

4. The following sentence is added at the end of Section 11 G:

   Franchisor will not assign its rights under the Franchise Agreement except to an assignee who in Franchisor's good faith and judgment is willing and able to assume Franchisor's obligations under the Franchise Agreement

5. The following sentence is added to the end of Section 15 H(l):

   Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law

6. Franchisee or Multi-Unit Developer may terminate the Agreement on any grounds available by law

7. The foregoing choice of law should not be considered a waiver of any right conferred upon the Franchisor or upon the Franchisee or upon the Multi-Unit Development by Article 33 of the General Business Law of the State of New York

8. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement

9. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[Signature on Next Page]

Franchisor: PERFORMANCE360 Franchise Group, LLC

By: _____
Dave Thomas

Its: Manager

Developer: _____

By: _____

Printed Name: _____

Its: _____

By: _____

Printed Name: _____

Its: _____

NORTH DAKOTA ADDENDUM

Item 17. Additional Disclosures: The following statements are added to Item 17

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void Any mediation or arbitration will be held at a site agreeable to all parties The laws of the State of North Dakota will govern any dispute.

Any general release the franchisee is required to assent to is not intended to nor shall it function as a release, estoppel, or waiver of any liability PERFORMANCE360 Franchise Group, LLC may have incurred under the North Dakota Franchise Investment Law.

Covenants not to compete upon termination or expiration of the franchise agreement are generally not enforceable in the State of North Dakota, except in certain instances as provided by law.

The Franchise Agreement includes a waiver of exemplary and punitive damages. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document and Franchise Agreement.

The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by PERFORMANCE360 Franchise Group, LLC in enforcing the agreement For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees

The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document and Franchise Agreement. The Franchise Disclosure Document, Franchise Agreement and Multi-Unit Agreement state that franchisee must consent to the jurisdiction of courts in the state of California. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document, Franchise Agreement and Multi-Unit Agreement

The Franchise Disclosure Document and Franchise Agreement may require franchisees to consent to termination or liquidated damages. The Commissioner has determined this to be unfair, unjust, and inequitable within the intent of the North Dakota Franchise Investment Law. This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document and Franchise Agreement

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. That requirement will not apply to North Dakota franchisees and, instead the statute of limitations under North Dakota law will apply.

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR NORTH DAKOTA FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated _____between PERFORMANCE360 Franchise Group, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement:

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of North Dakota, (b) Franchisee is a resident of the State of North Dakota, and/or (c) the Franchised Business will be located or operated in the State of North Dakota.

2. Any release executed in connection herewith shall not apply to any claims that may arise under the North Dakota Franchise Investment Law.

3. Covenants not to compete are generally considered unenforceable in the State of North Dakota.

4. The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. The laws of the State of North Dakota will govern any dispute.

5. The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law. This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement.

6. The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law. This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement.

7. The requirement that mediation or arbitration be held in California may not be enforceable under the North Dakota Franchise Investment Law. Any mediation or arbitration will be held at a site agreeable to all parties.

8. The requirement that a franchisee consent to termination or liquidated damages has been determined by the Commissioner to be unfair, unjust, and inequitable within the intent of the North Dakota Franchise Investment Law This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement.

9. The Franchise Agreement states that franchisee must consent to the jurisdiction of courts in the state of California. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement.

10. The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. That requirement will not apply to North Dakota franchisees and, instead, the statute of limitations under North Dakota law will apply.

11. The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by PERFORMANCE360 Franchise Group, LLC in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

Franchisor: PERFORMANCE360 Franchise Group, LLC

By: _____
Dave Thomas

Its: Manager

Franchisee: _____

By: _____

Printed Name: _____

Its: _____

By: _____

Printed Name: _____

Its: _____

RHODE ISLAND ADDENDUM

Item 17. Additional Disclosure: The following statement is added to Item 17

Section 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"

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR RHODE ISLAND FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated_____between PERFORMANCE360 Franchise Group, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement:

1. The provisions of this Addendum form an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of Rhode Island, (b) Franchisee is a resident of the State of Rhode Island, and/or (c) the Franchised Business will be located or operated in the State of Rhode Island

2. The following sentence is added to the end of Sections 15 I Section 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"

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement

4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect

Franchisor: PERFORMANCE360 Franchise Group, LLC

By: _____
Dave Thomas

Its: Manager

Franchisee: _____

By: _____

Printed Name: _____

Its: _____

By: _____

Printed Name: _____

Its: _____

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REOUIRED BY THE STATE OF VIRGINIA

Item 17. Additional Disclosure: In recognition of the restrictions contained in Section 13 1- 564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Franchisor for use in the Commonwealth of Virginia shall be amended as follows:

> "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 ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable"

WASHINGTON ADDENDUM

General

- The State of Washington has a statute, the Washington Franchise Investment Protection Act, RCW 19 100 180 ("Act"), which may supersede the Franchise Agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise. There also may be court decisions which may supersede the Franchise Agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise.

Item 17

- In any arbitration involving a franchise purchased in the State of Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of arbitration, or as determined by the arbitrator

- In the event of a conflict of laws, the provisions of the Act shall prevail

- A release or waiver of rights executed by Franchisee shall not include rights under the Act 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, rights, or remedies under the Act such as a right to a jury trial, may not be enforce.

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

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR WASHINGTON FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated _____between PERFORMANCE360 Franchise Group, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement:

1. The provisions of this Addendum form an integral part of and are incorporated into the Franchise Agreement This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of Washington, (b) Franchisee is a resident of the State of Washington, and/or (c) the Franchised Business will be located or operated in the State of Washington.

2. The State of Washington has a statute, the Washington Franchise Investment Protection Act, RCW 19 100 180 ("Act"), which may supersede the Franchise Agreement in Franchisee's relationship with Franchisor including the areas of termination and renewal of your franchise There also may be court decisions which may supersede the Franchise Agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise.

3. Section 9 A of the Franchise Agreement is revised to provide that we will defer collection of the Initial Franchise Fee until such time as we have fulfilled our initial obligations to you and your Gym is operational.

4. In any arbitration involving a franchise purchased in the State of Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

5. In the event of a conflict of laws, the provisions of the Act shall prevail.

6. A release or waiver of rights executed by Franchisee shall not include rights under the Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. No provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the act, rights, or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

8. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

9. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

10. The undersigned does hereby acknowledge receipt of this Addendum

[Signature on Following Page]

Franchisor: PERFORMANCE360 Franchise Group, LLC

By: _____
Dave Thomas

Its: Manager

Franchisee: _____

By: _____

Printed Name: _____

Its: _____

By: _____

Printed Name: _____

Its: _____

EXHIBIT C

TO THE FRANCHISE DISCLOSURE DOCUMENT

GENERAL RELEASE (SAMPLE FORM)

PERFORMANCE360 FRANCHISE, LLC

GENERAL RELEASE

(SAMPLE FORM)

THIS GENERAL RELEASE ("**Release**") is executed on _____ by _____("**Franchisee**"), and_____ ("**Guarantors**") as a condition of (1) the transfer of the PERFORMANCE360® Franchise Agreement dated [month] [day], [year] between PERFORMANCE360 Franchise Group, LLC ("**Franchisor**") and Franchisee ("**Franchise Agreement**"); (2) the execution of a successor Franchise Agreement by Franchisee and Franchisor; (3) any other event under the Franchise Agreement or PERFORMANCE360's consent to a request by Franchisee.

1. **Release by Franchisee and Guarantors.** Franchisee (on behalf of itself and its parent, any subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities), and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, the "**Releasors**") freely and without any influence forever and fully release (i) Franchisor, (ii) Franchisor's past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities, and (iii) PERFORMANCE360's parent, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities (collectively, the "**Released Parties**"), from any and all claims, debts, damages, costs, demands, liabilities, suits, judgments, and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "**Claims**"), which any Releasor ever owned or held, now owns or holds, or may in the future own or hold, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances, and claims arising out of, or relating to, the offer or sale of the PERFORMANCE360® franchise opportunity, the Franchise Agreement, the relationship created thereunder, and all other agreements between any Releasor and PERFORMANCE360 or PERFORMANCE360's parent, subsidiaries, or affiliates.

2. **Risk of Changed Facts.** Franchisee and Guarantors understand that the facts in respect of which the release in Section 1 is given may turn out to be different from the facts now known or believed by them to be true. Franchisee and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the release in Section 1 shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. **Covenant Not to Sue.** Franchisee and Guarantors (on behalf of Releasors) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of crossclaim, defense, or counterclaim, against any person or entity released under Section 1 with respect to any Claim released under Section 1.

4. **No Prior Assignment and Competency.** Franchisee and Guarantors represent and warrant that: (i) the Releasors are the sole owners of all Claims and rights released in Section 1 and that the Releasors have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1; (ii) each Releasor has full and complete power and authority to execute this Release, and that the execution of this Release shall not violate the terms of any contract or agreement between them or any court order; and (iii) this Release has been voluntarily and knowingly executed after each of them has had the opportunity to consult with counsel of their own choice.

5. **Complete Defense.** Franchisee and Guarantors: (i) acknowledge that the release in Section 1 shall be a complete defense to any Claim released under Section 1; and (ii) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. **Successors and Assigns.** This Release will inure to the benefit of and bind the successors, assigns, heirs, and personal representatives of the Released Parties and each Releasor.

7. **Counterparts.** This Release may be executed in two or more counterparts (including by facsimile) each which shall be deemed an original, and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Franchisee and Guarantors have executed this Release as of the date shown above.

[This General Release will be modified as necessary for consistency with any state law regulating franchising.]

ATTEST:

By:
Print
Name:

FRANCHISEE

By: _____

Print Name: _____

Title: _____

Date: _____

WITNESS:

_____

Print
Name: _____

_____

GUARANTORS:

Print
Name: _____

Date: _____

WITNESS:

_____

Print
Name: _____

_____

Print
Name: _____

Date: _____

EXHIBIT D

TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

PERFORMANCE360 FRANCHISE GROUP, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2022

PERFORMANCE360 FRANCHISE GROUP, LLC
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MONIS J. SIDDIQUI, CPA P.C.
Certified Public Accountant
917.309.5670

INDEPENDENT AUDITOR'S REPORT

To the Members of
PERFORMANCE360 FRANCHISE GROUP, LLC

Opinion

We have audited the financial statements of Performance360 Franchise Group, LLC (A California Limited Liability Company), which comprise the balance sheet as of December 31, 2022, and the related statements of operations, and changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Performance360 Franchise Group, LLC as of December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Performance360 Franchise Group, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Performance360 Franchise Group, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

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

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circum-stances, but not for the purpose of expressing an opinion on the effectiveness of Performance360 Franchise Group, LLC'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 Performance360 Franchise Group, LLC's ability to continue as a going concern for a reasonable period of time.

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

Monis Siddiqui, CPA
Bellerose, NY
February 7, 2023

PERFORMANCE360 FRANCHISE GROUP, LLC
BALANCE SHEET
DECEMBER 31, 2022

ASSETS

	2022	2021
Current Assets		
Cash	$ 182,913	$ 113,299
Prepaids	31,020	-
Total Current Assets	213,933	113,299
Non-Current Assets		
Property and equipment, net	84,850	30,000
Total Assets	$ 298,783	$ 143,299

LIABILITIES AND MEMBERS' EQUITY

Current Liabilities		
Payroll Liabilities	$ 2,509	$ -
Deferred franchise fees	65,840	-
Total Current Liabilities	68,349	-
Deferred franchise fees, net of current	193,306	-
Members' Equity	37,128	143,299
Total Members' Equity	$ 298,783	$ 143,299

See notes to financial statements

PERFORMANCE360 FRANCHISE GROUP, LLC
STATEMENTS OF OPERATIONS AND SHAREHOLDER'S EQUITY
YEAR ENDED DECEMBER 31

	2022	2021
Revenues	$ 7,354	$ -
Operating Expenses	113,525	56,701
Net Income	(106,171)	(56,701)
Shareholder's Equity - Beginning	143,299	-
Member's Contribution (Distributions)	-	200,000
Shareholder's Equity - Ending	$ 37,128	$ 143,299

See notes to financial statements

PERFORMANCE360 FRANCHISE GROUP, LLC
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31

	2022	2021
Cash Flows from Operating Activities		
Net income	**$ (106,171)**	**$ (56,701)**
Adjustments to reconcile net income to cash provided by operating activities:		
Changes in assets and liabilities;		
Prepaid expenses and other current assets	**(31,020)**	**-**
Defferred Franchise Fees	**259,146**	**-**
Payroll Liabilities	**2,509**	**-**
	124,464	**(56,701)**
Cash Flows from Investing Activities:		
Purchases of property and equipment	**(54,850)**	**(30,000)**
	(54,850)	**(30,000)**
Cash Flows from Financing Activities:		
Member's contribution (distributions)	**-**	**200,000**
	-	**200,000**
Net Increase in Cash	**69,614**	**113,299**
Cash - Beginning of Year	**113,299**	**-**
Cash - End of Year	**$ 182,913**	**$ 113,299**

See notes to financial statements

1. THE COMPANY

Performan360 Franchise Group, LLC is a California limited liability company formed in December 2021 to offer franchisees the opportunity to own and operate a fast-casual restaurant business featuring specialty French Fries, Hamburgers, Milkshakes, and other fast casual fare of high quality and non-alcoholic beverages utilizing the system created by Performan360 Franchise Group, LLC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Basis of Accounting*-**The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

***Franchise Arrangements*-**The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate a Performance360 Franchise Group for a specified number of years. As of December 31, 2022 there were no operating franchises.

Revenue Recognition-The Company records revenue in accordance with the May 2014 guidance issued by the Financial Accounting Standards Board ("FASB") and Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company will amortize any franchise fees, net of allowable expenses, as well as any commissions, over the life of its franchise agreements.

***Concentration of Credit Risk*-**Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of $250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

***Property and Equipment*-**Property and Equipment are stated at cost, less accumulated depreciation. Depreciation is recorded using a straight-line method over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation is removed from the accounts and any resulting gain or loss is recognized. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

FAIR VALUE OF FINANCIAL INSTRUMENTS- The Company's financial assets and liabilities are carried at fair value, or are carried at amounts which approximate fair value as the market value of such items is not materially sensitive to shifts in market interest rates due to the limited term to maturity of these instruments.

The Company adopted SFAS No. 157, which defines fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market and assumptions that market participants would use when pricing the asset or liability.

The Company categorizes the fair value of its financial assets and liabilities according to the hierarchy established by the Financial Accounting Standards Board, which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities. These Level 1 assets represent quoted prices in active markets and, therefore, do not require significant management judgment.

Level 2: Applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, for the asset or liability such as: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in less active markets; or other inputs that can be derived principally from, or corroborated by, observable market data.

Level 3: Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The recorded values of accounts receivable, accounts payable, and accrued liabilities approximate fair values due to their short maturities. Unrealized gains and losses are included in earnings and are reported in the Statement of Income as a component of other income and losses. Generally, for all trading securities, fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. As at December 31, 2021, the Company was liquid in its security positions.

Use of Estimates-The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Costs-Advertising costs are expense as incurred. Total advertising expense for the year ended December 31, 2022, was $16,204 and $614,129 respectively.

Income Taxes-The Company has elected to be taxed as a limited liability corporation for federal and state income tax purposes. Income and expenses for the Company pass through directly to the member and is reported on its individual income tax returns.

2. **PROPERTY AND EQUIPMENT, NET**

Property and equipment, net, consist of the following at December 31, 2022:

Capitalized Assets	$ 91,532
Less: Accumulated Amortization/Depreciation	(4,882)
Property and equipment, net	$ 86,650

3. **SUBSEQUENT EVENTS**

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through February 7, 2023, the date the balance sheet was available to be issued.

PERFORMANCE360 FRANCHISE GROUP, LLC

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

DATE OF INCEPTION (APRIL 29, 2021)
TO DECEMBER 31, 2021

PERFORMANCE360 FRANCHISE GROUP, LLC

Date of Inception (April 29, 2021) to December 31, 2021

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GPW
CERTIFIED PUBLIC ACCOUNTANTS

Gatto, Pope & Walwick, LLP
3131 Camino Del Rio North, Suite 1200
San Diego, California 92108
Phone: 619.282.7366
Fax: 619.282.7707

INDEPENDENT AUDITOR'S REPORT

To the Members
Performance360 Franchise Group, LLC
San Diego, CA

Opinion

We have audited the accompanying financial statements of Performance360 Franchise Group, LLC (a California Limited Liability Company), which comprise the balance sheet as of December 31, 2021, and the related statement of operations, change in members' equity, and cash flows for the period from April 29, 2021 (date of inception) to December 31, 2021 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 Performance360 Franchise Group, LLC as of December 31, 2021, and the results of its operation and its cash flows for the period from April 29, 2021 (date of inception) to December 31, 2021 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. 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 Performance360 Franchise Group, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Performance360 Franchise Group, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Performance360 Franchise Group, LLC'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 Performance360 Franchise Group, LLC's ability to continue as a going concern for a reasonable period of time.

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

Gatto, Pope & Walwick, LLP

April 8, 2022

PERFORMANCE360 FRANCHISE GROUP, LLC

BALANCE SHEET

December 31, 2021

ASSETS

Current assets	
Cash	$ 113,299
Property and equipment, net	30,000
Total assets	$ 143,299

LIABILITIES AND MEMBERS' EQUITY

Liabilities	$ -
Members' equity	143,299
Total liabilities and members' equity	$ 143,299

The accompanying notes are an integral part of these financial statements.

PERFORMANCE360 FRANCHISE GROUP, LLC

STATEMENT OF OPERATIONS

April 29, 2021 (Date of inception) to December 31, 2021

Revenues	$ -
Operating expenses	56,701
Net loss	$ (56,701)

The accompanying notes are an integral part of these financial statements.

PERFORMANCE360 FRANCHISE GROUP, LLC

STATEMENT OF CHANGES IN MEMBERS' EQUITY

April 29, 2021 (Date of inception) to December 31, 2021

Balance, April 29, 2021	$ -
Member contributions	200,000
Net loss	(56,701)
Balance, December 31, 2021	$ 143,299

The accompanying notes are an integral part of these financial statements.

PERFORMANCE360 FRANCHISE GROUP, LLC

STATEMENT OF CASH FLOWS

April 29, 2021 (Date of inception) to December 31, 2021

Cash flows from operating activities	
Net loss	$ (56,701)
Cash flows from operating activities	(56,701)
Cash flows from investing activities	
Purchases of property and equipment	(30,000)
Cash flows from investing activities	(30,000)
Cash flows from financing activities	
Member contributions	$ 200,000
Cash flows from financing activities	200,000
Net change in cash and cash equivalents	113,299
Cash and cash equivalents, April 29, 2021	-
Cash and cash equivalents, December 31, 2021	$ 113,299

The accompanying notes are an integral part of these financial statements.

PERFORMANCE360 FRANCHISE GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Performance360 Franchise Group, LLC, ("the Company") was formed on April 29, 2021 as a limited liability company under the California Revised Uniform Limited Liability Company Act, and is owned by three members. The Company offers franchises of "Performance 360 Gyms" to qualified franchisees. The gym offers group fitness, strength and conditioning training.

From April 29, 2021 (date of inception) to December 31, 2021, the Company has not executed any franchise agreements. There are currently three existing gyms located in San Diego county, California. These locations are family owned and operated by the current owners of the Company and do not have franchisee agreements with the Company. The Company plans to issue franchises to unrelated parties in the future.

Accounting Standards Codification

The Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ™ ("Codification") is the official source of authoritative, nongovernmental accounting principles generally accepted in the United States of America. The Codification is organized by overall topic which is at times referenced in the accompanying notes to the financial statements.

Accounting Estimates

Management uses estimates and assumptions in preparing its financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary significantly from estimates that were used.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid investments purchased with an initial maturity of 90 days or less to be cash equivalents.

Organization Costs

The Company expenses start-up and organization costs, which include legal, accounting, professional, consulting and other fees, as incurred.

Income Taxes

For income tax purposes, the Company has chosen to be treated as a partnership rather than as a corporation. Accordingly, no provision for federal or state income taxes is included in the accompanying financial statements. The members of a limited liability company are taxed on their share of the Company's taxable income. Certain specific deductions and credits flow through the Company to its members. For California purposes, the Company is charged a minimum franchise tax of $800, and an LLC fee based on gross receipts.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (continued)

As required by the "Income Tax" topic of the Codification, the Company must address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Company does not believe it has any significant liabilities for unrecognized tax benefits recorded. The Company's liability, if any, in connection with uncertain tax positions would generally be limited as the members of the Company are required to pay income taxes at the individual tax rates on their share of any Company taxable income. The Company will file income tax returns in the U.S. federal jurisdiction, the State of California, and in other states as required. The Company is not currently involved with in any Internal Revenue Service (IRS) or state tax authority examinations as it has yet to file its first tax returns.

Internally Developed Software

In accordance with the "Internal-Use Software" subtopic of the Codification, costs to develop software for the Company's internal use are capitalized beginning when the preliminary research stage is completed. Capitalized internal-use software costs include third-party consultant costs directly related to development of the software.

Research and development costs incurred prior to meeting the criteria for capitalization and costs incurred for training and maintenance, are expensed as incurred. Major upgrades and enhancements to software that result in additional functionality are capitalized. Capitalized internal-use software costs are amortized using the straight-line method over their expected useful lives, generally three to five years, once placed in service.

Revenue Recognition

The Company will follow Accounting Standards Codification Topic 606, "Revenue from Contracts with Customers" ("ASC 606") once it has revenues to recognize. ASC 606 includes a 5 step process to recognize revenue which is as follows: (1) Identify the contract with a customer; 2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to performance obligations in the contract; (5) Recognize revenue as performance obligations are satisfied. Amounts received that do not meet this criteria will be recorded as contract liabilities until earned. Also, after an agreed period of time, the Company also may receive monthly royalty fees from franchisees representing a percentage of ongoing revenues from each franchisee. Royalty fees will be recognized in the month earned. As of December 31, 2021, the Company has not sold any franchises, and has not recognized any revenues.

Advertising and Promotion Costs

The Company expenses advertising and promotion costs as incurred.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Company has evaluated subsequent events through April 8, 2022, which is the date these financial statements were available to be issued. All subsequent events requiring recognition or disclosure have been incorporated into these financial statements.

NOTE 2 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following at December 31, 2021:

Capitalized internal-use software	$	30,000
Less: Accumulated amortization		-
Property and equipment, net	$	30,000

Since the capitalized internal use software was not placed in in service during 2021, there was no amortization expense recorded.

NOTE 3 – CONCENTRATIONS

Cash and Cash Equivalents

The Company maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. Bank accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per bank. There were no uninsured bank balances at December 31, 2021. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 4 – CONTINGENCIES

In the ordinary course of business, the Company may be subject to certain lawsuits or other potential legal matters. Management is not aware of any significant pending legal matters against the Company as of the date of this report.

As of the date of this report the Centers for Disease Control and Prevention ("CDC") is still responding to an outbreak of respiratory disease caused by a novel (new) coronavirus that was first detected in China and which has been detected in many locations internationally, including in the United States. The virus has been named "SARS-CoV-2" and the disease it causes has been named "coronavirus disease 2019" (abbreviated "COVID-19"). On March 13, 2020 the President of the United States declared the COVID-19 outbreak a national emergency. The Company is currently assessing the impact of COVID-19 risks to its business and the Company's financial condition and operations are dependent on the ability to successfully manage these risks. If the Company is unable to successfully manage these risks, it is reasonably possible these factors could have a severe near-term negative impact on the Company's financial position and operations.

PERFORMANCE360 FRANCHISE GROUP, LLC

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

DATE OF INCEPTION (APRIL 29, 2021)
THROUGH JULY 31, 2021

PERFORMANCE360 FRANCHISE GROUP, LLC

Date of Inception (April 29, 2021) Through July 31, 2021

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GPW
CERTIFIED PUBLIC ACCOUNTANTS

Gatto, Pope & Walwick, LLP
3131 Camino Del Rio North, Suite 1200
San Diego, California 92108
Phone: 619.282.7366
Fax: 619.282.7707

INDEPENDENT AUDITOR'S REPORT

To the Members
Performance360 Franchise Group, LLC
San Diego, CA

Report on the Financial Statements

We have audited the accompanying financial statements of Performance360 Franchise Group, LLC (a California Limited Liability Company), which comprise the balance sheet as of July 31, 2021, and the related statements of operations, changes in member's equity, and cash flows for the period from April 29, 2021 (date of inception) to July 31, 2021, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditor's Responsibility (continued)
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Performance360 Franchise Group, LLC as of July 31, 2021, and the results of its operations and its cash flows for the period from April 29, 2021 (date of inception) to July 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

Gatto, Pope & Walwick, LLP

September 24, 2021

Performance360 Franchise Group, LLC

BALANCE SHEET

July 31, 2021

ASSETS

Current assets	
Cash	$ 150,838
Prepaid expenses	40,043
Due from member	2,922
Total current assets	$ 193,803

LIABILITIES AND MEMBER'S EQUITY

Current liabilities	
Accounts payable	10,922
Members' equity	182,881
Total liabilities and member's equity	$ 193,803

The accompanying notes are an integral part of these financial statements.

PERFORMANCE360 FRANCHISE GROUP, LLC

STATEMENT OF OPERATIONS

April 29, 2021 (Date of inception) to July 31, 2021

Revenues	$ -
Operating expenses	17,119
Net loss	$ (17,119)

The accompanying notes are an integral part of these financial statements.

Performance360 Franchise Group, LLC

STATEMENT OF CHANGES IN MEMBER'S EQUITY

April 29, 2021 (Date of inception) to July 31, 2021

Balance, April 29, 2021	$ -
Member contributions	200,000
Net loss	(17,119)
Balance, July 31, 2021	$ 182,881

The accompanying notes are an integral part of these financial statements.

Performance360 Franchise Group, LLC

STATEMENT OF CASH FLOWS

April 29, 2021 (Date of inception) to July 31, 2021

Cash flows from operating activities	
Net loss	$ (17,119)
Adjustments to reconcile net loss to cash flows from operating activities:	
Change in operating assets and liabilities:	
(Increase) decrease in:	
Prepaid expenses	(40,043)
Due from member	(2,922)
Increase (decrease) in:	
Accounts payable	10,922
Cash flows from operating activities	(49,162)
Cash flows from financing activities	
Members' contributions	$ 200,000
Cash flows from financing activities	200,000
Net change in cash and cash equivalents	150,838
Cash and cash equivalents, April 29, 2021	-
Cash and cash equivalents, July 31, 2021	$ 150,838

The accompanying notes are an integral part of these financial statements.

PERFORMANCE360 FRANCHISE GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

July 31, 2021

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Performance360 Franchise Group, LLC, ("the Company") was formed on April 29, 2021 as a limited liability company under the California Revised Uniform Limited Liability Company Act, and is owned by three members. The Company offers franchises of "Performance 360 Gyms" to qualified franchisees. The gym offers group fitness, strength and conditioning training.

From April 29, 2021 (date of inception) to July 31, 2021, the Company has not executed any franchise agreements. There are currently three existing gyms located in San Diego county, California. These locations are family owned and operated by the current owners of the Company and do not have franchisee agreements with the Company. The Company plans to issue franchises to unrelated parties in the future.

Accounting Standards Codification

The Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ™ ("Codification") is the official source of authoritative, nongovernmental accounting principles generally accepted in the United States of America. The Codification is organized by overall topic which is at times referenced in the accompanying notes to the financial statements.

Accounting Estimates

Management uses estimates and assumptions in preparing its financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary significantly from estimates that were used.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid investments purchased with an initial maturity of 90 days or less to be cash equivalents.

Organization Costs

The Company expenses start-up and organization costs, which include legal, accounting, professional, consulting and other fees, as incurred.

Income Taxes

For income tax purposes, the Company has chosen to be treated as a partnership rather than as a corporation. Accordingly, no provision for federal or state income taxes is included in the accompanying financial statements. The members of a limited liability company are taxed on their share of the Company's taxable income. Certain specific deductions and credits flow through the Company to its members. For California purposes, the Company is charged a minimum franchise tax of $800, and an LLC fee based on gross receipts.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (continued)

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The Company expenses advertising and promotion costs as incurred.

Subsequent Events

The Company has evaluated subsequent events through September 24, 2021, which is the date these financial statements were available to be issued. All subsequent events requiring recognition or disclosure have been incorporated into these financial statements.

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EXHIBIT E

TO THE DISCLOSURE DOCUMENT

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EXHIBIT F

TO DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT

AREA DEVELOPMENT AGREEMENT

PERFORMANCE360 FRANCHISE GROUP, LLC

THIS AREA DEVELOPMENT AGREEMENT ("Agreement") is made and entered into as of _____20___ by and between Performance360 Franchise Group LLC, a California limited liability company, (referred to as "Company" or "Franchisor") and _____, whose principal address is _____ (referred to as "Area Developer").

RECITALS

A. Franchisor is engaged in the business of operating and franchising a gym concept known as "PERFORMANCE360" ("Gym") and has developed a business plan and method in connection with the operation of such Gyms featuring adult group, semi-private, and individual programs in the area of fitness, personal training, and education with an emphasis on one-on-one coaching. Specifically, the PERFORMANCE360 concept is to provide individually designed fitness coaching techniques and exercise programs to help meet the individual's specific needs and to reach their personal fitness goals whether in a group boot-camp or private lesson. The heart and soul of P360 is the three keystone training components physique, strength, and cardio. ("PSC") Each Gym will operate under the name PERFORMANCE360® and other Marks we designate, which includes uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for management and inventory control; training and assistance; and advertising and promotional programs ("System"); all of which may be changed, improved, and further developed from time to time by Franchisor.

B. The distinguishing characteristics of the System include, but are not limited to, the name and mark "PERFORMANCE360" and "Become More" (the "Marks"), uniform formats, designs, systems, methods, specifications, standards, and procedures, all of which may be improved, further developed, or otherwise modified from time to time by Franchisor.

C. Area Developer wishes to obtain certain development rights to open and operate Gyms operating under the Marks under the System within the territory described in this Area Development Agreement.

In consideration of the above recitals and the mutual promises and covenants made in this Agreement, Area Developer and Franchisor hereby agree as follows.

SECTION I: GRANT

1.1 Franchisor hereby grants to Area Developer, pursuant to the terms and conditions of this Area Development Agreement, certain development rights ("Development Rights") to establish and operate a total of _____ franchised Gyms, and to use the System solely in connection therewith, at specific locations to be designated in separate Franchise Agreements executed as provided in Section 3.1 hereof, and pursuant to the schedule set forth in Exhibit A of this Agreement ("Minimum Performance Schedule"). Each Gym developed hereunder shall be located in the area described in Exhibit B of this Agreement ("Development Area").

1.2 Each Gym for which an Area Development Right is granted hereunder shall be established and operated pursuant to a Franchise Agreement to be entered into between Area Developer and Franchisor in accordance with Section 3.1 hereof.

1.3 Except as otherwise provided in this Agreement, Franchisor shall not establish, nor franchise anyone other than Area Developer to establish, a Gym in the Development Area during the term of this Agreement, provided Area Developer is not in default hereunder.

1.4 This Agreement is not a Franchise Agreement and does not grant to Area Developer any right to use the Marks or System.

1.5 Area Developer shall have no right under this Agreement to franchise others under the Marks or System.

SECTION II: DEVELOPMENT FEE

2.1 In consideration of the development rights granted herein, Area Developer shall pay to Franchisor a franchise fee of Twenty-Five Thousand Dollars ($25,000) for each Gym developed for a total franchise fee due upon execution equaling _____($). Area Developer acknowledges, understands, and agrees that the Development Fee is non-refundable under any circumstance and fully earned upon execution of this Agreement.

2.2 The Development Fee shall be fully earned by Franchisor upon execution of this Agreement for administrative and other expenses incurred by Franchisor and for the development opportunities lost or deferred as a result of the Development Rights granted to Area Developer herein.

SECTION III: SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

3.1 Upon identification of a location for a Gym, Area Developer shall submit to Franchisor for its evaluation and approval, in the form specified, a description of the site, the terms of the lease or purchase and such other information and materials as Franchisor may reasonably require, together with any other information/evidence satisfactory to Franchisor, which confirms Area Developer's favorable prospects for obtaining the site. Franchisor shall have fifteen (15) business days after receipt of such information and materials from Area Developer to approve or disapprove the site in its sole discretion. In the event Franchisor does not disapprove the site in writing to Area Developer or requests an extension of time no more than five (5) business days within fifteen (15) business days, such site will be deemed approved by Franchisor. The Area Developer will then be presented with the then current Franchise Disclosure Document.

3.2 Recognizing that time is of the essence, Area Developer agrees to exercise each of the Development Rights granted hereunder in the manner specified herein, and to satisfy the Minimum Performance Schedule in a timely manner. Failure by Area Developer to adhere to the Minimum Performance Schedule shall constitute a default under this Agreement as provided in Section 9.1 hereof.

3.3 Area Developer shall exercise each Area Development Right granted herein only by executing a Franchise Agreement for each Gym at a site approved by Franchisor in the Development Area as hereinafter provided within twenty (20) days after receipt of said Franchise Disclosure Document from Franchisor for the approved site and return same to Franchisor for its execution. The Franchise Agreement for the first Area Development Right exercised hereunder shall be the then-current form of Franchisor's Franchise Agreement. The Franchise Agreement for each additional Area Development Right exercised hereunder shall be the then-current Franchise Agreement, except that the Royalty and Advertising Fees shall not increase and shall be the same as set forth in the first Franchise Agreement executed, subject to any non-material changes therein which are required to be made by changes in any applicable law, regulation, or ordinance in effect from time to time. In the event Franchisor does not receive the properly executed Franchise Agreement with the appropriate number of copies within said

twenty (20) days from delivery thereof to Area Developer, Franchisor's approval of the site shall be void, at Franchisor's option, at which time Area Developer shall have no rights with respect to said site. The Initial Franchise Fee for the first Gym has been paid in full in the Development Fee; as well as the balance for all future development locations.

3.4 Area Developer acknowledges that the approval of a particular site for a Gym by Franchisor shall not be deemed to be an assurance or guaranty that the Gym will operate successfully or at a profit from such site.

3.5 Area Developer shall be required to execute each Franchise Agreement and own a majority (more than 50%) of the issued and outstanding stock for each Gym, if applicable, to be opened pursuant to said Franchise Agreement. In no event shall Area Developer relinquish control over each entity operating each Gym or cause Area Developer's ownership to be reduced to 50% or less at any time during the term of said Franchise Agreement without Franchisor's prior written approval.

SECTION IV: DEVELOPMENT RIGHTS AND OBLIGATIONS

4.1 Subject to the provisions of this Agreement, Franchisor grants to Area Developer the right to develop Gyms within the Development Area ("Development Rights").

4.2 Provided Area Developer is in full compliance with all the terms and conditions of this Agreement, including without limitation Area Developer's development obligations described in Section 3.2, and Area Developer is in full compliance with all of its obligations under all franchise agreements executed pursuant to this Agreement, then during the term of this Agreement neither Franchisor nor any of its affiliates will develop or operate or grant franchises for the development or operation of Gyms within the Development Area unless said development or operation is expressly provided for in this Agreement.

4.3 Upon the termination or expiration of this Agreement, Franchisor and its affiliates shall have the right to develop and operate, and to grant to others development rights and franchises to develop and operate, Gyms within the Development Area subject only to the territorial rights granted to Area Developer with respect to Gyms operated by Area Developer pursuant to the Franchise Agreements.

4.4 Except as expressly limited elsewhere, Franchisor and its affiliates retain all rights with respect to Gyms, the Marks and the sale of any goods and services, anywhere in the world, including, without limitation, the right.

4.4.1 to produce, offer and sell and to grant others the right to produce, offer and sell the products and any other goods and services through similar or dissimilar channels of distribution both within and outside the Development Area under trade and service marks other than the Marks and under any terms and conditions Franchisor deems appropriate.

4.4.2 to produce, offer and sell and grant others the right to produce, offer and sell the Products and any other goods and services through dissimilar channels of distribution both within and outside the Development Area under the Marks and under any terms and conditions Franchisor deems appropriate; and

4.4.3 to operate and to grant others the right to operate Gyms located outside the Development Area under any terms and conditions Franchisor deems appropriate and regardless of proximity to a Gym.

SECTION V: RENEWAL

5.1 This Agreement shall not be subject to renewal unless a mutual agreement to do so is entered into in writing by both parties.

SECTION VI: TERM

6.1 Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all Development Rights granted hereunder shall expire on December 31st of the year in which the last Gym is required to be opened pursuant to the Minimum Performance Schedule set forth in Exhibit A.

SECTION VII: OBLIGATIONS OF AREA DEVELOPER

7.1 Area Developer acknowledges and agrees that:

7.1.1 Except as otherwise provided herein, this Agreement includes only the right to select sites for the establishment of Gyms and to submit the same to Franchisor for its approval in accordance with the terms of this Agreement. This Agreement does not include the grant of a license by Franchisor to Area Developer of any rights to use the Marks, the System, or to open or operate any Gyms within the Development Area. Area Developer shall obtain the license to use such additional rights at each Gym upon the execution of each Franchise Agreement by both Area Developer and Franchisor and only in accordance with the terms of each Franchise Agreement.

7.1.2 The Development Rights granted hereunder are personal to Area Developer and cannot be sold, assigned, transferred, or encumbered, in whole or in part, except as set forth in Section XI hereof.

7.1.3 Except as provided in Sections 7.1.1 and 7.1.2 hereof, the Development Rights granted hereunder are non-exclusive, and Franchisor retains the right, in its sole discretion:

(a) To continue to construct and operate other Gyms and to use the System and the Marks at any location outside the Development Area, and to license others to do so.

(b) To develop, use and franchise the rights to any trade names, trademarks, service marks, trade symbols, emblems, signs, slogans, insignia, or copyrights not designated by Franchisor as Marks for use with different franchise systems for the sale of the different products or services not in connection with the System at any location, on such terms and conditions as Franchisor may deem advisable and without granting Area Developer any rights therein.

(c) To promote or conduct special events within the Development Area, provided, however, that the opportunity to conduct each special event shall first be offered to Area Developer in accordance with the terms of any valid and effective Franchise Agreement.

7.1.4 Area Developer has sole responsibility for the performance of all obligations arising out of the operation of his business pursuant to this Agreement, including, but not limited to, the payment, when due, of any and all taxes levied or assessed by reason of such operation.

7.1.5 In all public records, in its relationship with other persons, and in any documents, Area Developer shall indicate clearly the independent ownership of Area Developer's business and that the operations of said business are separate and distinct from the operation of Franchisor business.

7.1.6 Area Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Area Developer by Franchisor and Area Developer shall disclose such information or materials only to such of the Area Developer's employees or agents who must have access to it in connection with their employment. Area Developer shall not at any time, without Franchisor prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.1.7Area Developer shall comply with all requirements of federal, state, and local laws, rules, and regulations.

7.1.8 Area Developer shall at no time have the right to sub-franchise any of its Development Rights hereunder.

SECTION VIII: SERVICES OF FRANCHISOR

8.1 Review Area Developer's site selection for conformity to Franchisor standards and criteria for selection and acquisition of sites upon receipt of Area Developer's written request for approval thereof.

8.2 Provide Area Developer with standard specifications and layouts for the layout, interior and exterior design, improvements, equipment, furnishings, décor, and signs identified with the Gyms as Franchisor makes available to all area developers and franchisees from time to time.

8.3 Review Area Developer's site plan and final build-out plans and specifications for conformity to the construction standards and specifications of the System, upon receipt of Area Developer's written request for approval thereof.

8.4 Conduct such on-site evaluation as Franchisor may, in its sole discretion, deem advisable as part of its evaluation of Area Developer's request for site approval, provided however, that Franchisor shall not be required to provide such on-site evaluation for any proposed site prior to receipt of a description of such proposed site and a letter of intent or other evidence satisfactory to Franchisor, which confirms Area Developer's favorable prospects for obtaining the proposed site. If deemed appropriate and if the site requires inspection, Franchisor may conduct one (1) on-site inspection, at its own discretion.

8.5 Provide such other resources and assistance as may hereafter be developed and offered by Franchisor to its other area developers.

SECTION IX: DEFAULT AND TERMINATION

9.1 The occurrence of any of the following events of default shall constitute good cause for Franchisor, at its option and without prejudice to any other rights or remedies provided for hereunder or by law or equity, to terminate this Agreement:

9.1.1 If Area Developer shall, in any respect, fail to meet the Minimum Performance Schedule.

9.1.2 If Area Developer shall use the System or Marks, or any other names, marks, systems, insignia, symbols, or rights which are the property of Franchisor except pursuant to, and in accordance with, a valid and effective Franchise Agreement.

9.1.3 If Area Developer, or persons controlling, controlled by or under common control with Area Developer, shall have any interest, direct or indirect, in the ownership or operation of any gym or gym concept similar to those permitted to be sold by Area Developer within the Development Area or in any

gym which looks like, copies or imitates the Gym or operates in a manner tending to have such effect other than pursuant to a valid and effective Franchise Agreement.

9.1.4 If Area Developer shall fail to remit to Franchisor any payments due under this Agreement.

9.1.5 If Area Developer shall begin work upon any Gym at any site unless all the conditions set forth in Section III hereof have been met.

9.1.6 If Area Developer undertakes any activity that has the effect of a transfer or assignment of rights other than in accordance with Section XI hereof, that will relinquish Area Developer's control over the operation of any of Area Developer's Gyms or that will reduce Area Developer's ownership of any entity that has control over Area Developer or any of its Gyms to 50% or less.

9.1.7 Except as provided in Section XI hereof, if Area Developer attempts to sell, assign, transfer or encumber this Agreement without Franchisor's prior written approval.

9.1.8 If Area Developer makes, or has made, any material misrepresentation to Franchisor in connection with obtaining this Area Development Agreement, any site approval hereunder, or any Franchise Agreement.

9.1.9 If Area Developer fails to obtain Franchisor's prior written approval or consent, including but not limited to site approval or site plan approval, as expressly required by this Agreement

9.1.10 If Area Developer defaults in the performance of any other obligation under this Agreement.

9.1.11 If Area Developer defaults in the performance of any obligation under any Franchise Agreement with Franchisor provided such default results in the termination of the Franchise Agreement.

9.1.12 If Area Developer suffers a violation of any law, ordinance, rule, or regulation of a governmental agency in connection with the operation of the Gym, and permits the same to go uncorrected after notification thereof, unless there is a bona fide dispute as to the violation or legality of such law, ordinance, rule or regulation, and Area Developer promptly resorts to courts or forums of appropriate jurisdiction to contest such violation or legality.

9.1.13 If Area Developer or a shareholder of Area Developer owning twenty-five percent (25%) or more of Area Developer's voting stock is convicted in a court of competent jurisdiction of a felony.

9.1.14 If Area Developer, or any person controlling, controlled by or under common control with Area Developer, shall become insolvent by reason of inability to pay their debts as they mature; shall be adjudicated a bankrupt; shall file or have filed against any of them a petition in bankruptcy, reorganization or similar proceeding under the bankruptcy laws of the United States; or if a receiver, permanent or temporary, of the business, assets or property of Area Developer or any such person, or any part thereof, is appointed by a court of competent authority; or if Area Developer or any such person requests the appointment of a receiver or makes a general assignment for the benefit of creditors or if a final judgment against Area Developer or any such person in the amount of Ten Thousand Dollars ($10,000) or more remains unsatisfied or record for sixty (60) days or longer; or if the bank accounts, property or receivables of Area Developer or any such person are attached and such attachment proceedings are not dismissed within a sixty (60) day period; or if execution is levied against the business or property of Area Developer or any such person or suit to foreclose any lien or mortgage against any of the Gyms, the premises thereof or equipment thereon is instituted and not dismissed within thirty (30) days.

9.2 Upon occurrence of any of the events set forth in Section 9.1, Franchisor may, without prejudice to any other rights or remedies contained in this Agreement or provided by law or equity, terminate this Agreement. Such termination shall be effective thirty (30) days after written notice (or such other notice as may be required by applicable state law) is given by Franchisor to Area Developer of any of the events set forth in this Section IX if such defaults are not cured within such period. However, termination shall be effective immediately, without notice and without the necessity of further action by Franchisor, upon occurrence of any of the events specified in this Section IX, except where prohibited by any applicable state or federal law, whereupon this Agreement shall be terminated in accordance with the provisions of any such law.

SECTION X: AREA DEVELOPER'S OBLIGATIONS FOLLOWING TERMINATION

10.1 Upon termination of this Agreement becoming effective for any reason, or upon expiration of the term hereof, Area Developer agrees as follows:

10.1.1 To cease immediately any attempts to select sites on which to establish Gyms.

10.1.2 To cease immediately to hold itself out in any way as an Area Developer of Franchisor or to do anything which would indicate a relationship between it and Franchisor.

10.2 Termination of this Agreement shall not affect the rights of Area Developer to operate Gyms in accordance with the terms of any Franchise Agreement with Franchisor, executed prior to the termination of this Agreement, until and unless such Franchise Agreement, or any of them, are terminated in accordance with their terms, renewed or expired.

10.3 No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or in equity.

SECTION XI: TRANSFER OF INTEREST

11.1 This Agreement is personal to Area Developer, and Area Developer shall neither sell, assign, transfer nor encumber this Agreement, the Development Rights, or any other interest hereunder, nor suffer or permit any such assignment, transfer, or encumbrance to occur directly, indirectly, or contingently by agreement or by operation of law without the prior written consent of Franchisor. Area Developer understands that this Agreement may not be pledged, mortgaged, hypothecated, given as security for an obligation or in any manner encumbered. The assignment or transfer of any interest, except in accordance with this Paragraph shall constitute a material breach of this Agreement.

11.2 In the event that Area Developer is a corporation or desires to conduct business in a corporate capacity, said corporation or assignment to a corporation must receive the prior written approval of Franchisor, and Area Developer agrees to comply with the provisions hereinafter specified, including without limitation restrictions on the number of shareholders of the corporation or assignee corporation and, where appropriate, in Franchisor's discretion, personal guarantees by all of the shareholders, officers, directors, managers, members, principals, other control persons, or beneficial owners of all of the obligations of said corporation or assignee corporation to Franchisor and other parties designated by Franchisor. The corporation or assignee corporation shall not engage in any business activities other than those directly related to the operation of the Gym(s) pursuant to the terms and conditions of the Franchise Agreements with Franchisor, and all assets related to the operation of the Gym(s) shall be held by the corporation or assignee corporation. There shall be no transfer fee charged by Franchisor if such assignment to a corporation is made within ninety (90) days after the execution of this Agreement.

The references in Sections 11.2, 11.3 and 11.4 herein to "Corporation," "assignee corporation," "stock," "by-laws," "shareholders," etc., shall be deemed to include and permit similar transfers to other business entities such as a limited liability company, limited partnership or business trust, as applicable, in which case the language of such entity shall be understood (e.g. in the case of a limited liability company ("LLC" or "Company," "members," "membership interests," "operating agreement," etc.), unless the context would not so permit such substitution

11.3 If Area Developer is a corporation or if Area Developer's rights hereunder are assigned to a corporation, the Area Developer, or those individuals disclosed on Exhibit B attached hereto shall be the legal and beneficial owner of a majority (more than fifty percent (50%) of the outstanding stock of said corporation and shall act as such corporation's principal officer. The assignment to a corporation will not relieve Area Developer of personal liability to Franchisor for performance of any of the obligations under this Agreement. Any subsequent transfer of voting rights of the stock of the corporation or assignee corporation, and any transfer or issuance of shares of the corporation or assignee corporation shall be subject to Franchisor prior written approval. Franchisor agrees that it will not unreasonably restrict the issuance or transfer of shares of stock, provided that Area Developer complies with the provisions of this Section XI, and provided that in no event shall any share of stock of such corporation or assignee corporation be sold, transferred, or assigned to a business competitor of Franchisor. The articles of incorporation and by-laws of the corporation or assignee corporation shall reflect that the issuance and transfer of shares of stock are restricted, and all stock certificates shall bear the following legend, which shall be printed legibly and conspicuously on each stock certificate:

"The transfer of this stock is subject to the terms and conditions of an Area Development Agreement with PERFORMANCE360 FRANCHISE GROUP, LLC., dated _____. Reference is made to said Area Development Agreement and related Franchise Agreements and to restrictive provisions of the charter and by-laws of this corporation."

11.4 The corporation or assignee corporation's corporate records shall indicate that a stop transfer order shall be in effect against the transfer of any stock, except for transfers permitted by this Section XI. In addition to the foregoing, the stock of such corporation or assignee corporation shall not be publicly sold or traded without the prior express written consent of Franchisor, which shall be given at the sole discretion of Franchisor. In the event that Franchisor approves a public offering of Area Developer, Area Developer shall present the offering circular or prospectus to Franchisor for its review within a reasonable time prior to such offering becoming effective. In no event shall Area Developer offer its securities by use of the name "PERFORMANCE360" or any name deceptively similar thereto, however, Area Developer may make appropriate reference to the fact the Area Developer has a Development Agreement with Franchisor; nor shall Area Developer relinquish control of the new public company. Area Developer agrees to indemnify and hold Franchisor harmless from and against any claims, suits, actions or otherwise which arise out of or from such public offering.

11.5 Area Developer has represented to Franchisor that he is entering into this Area Development Agreement with the intention of complying with its terms and conditions and not for the purpose of resale of the Development Rights hereunder. Therefore, Area Developer agrees that any attempt to assign this Agreement, without Franchisor's prior written approval except pursuant to Sections 11.2 and 11.3 hereof, shall be deemed to be an event of default.

11.6 In the event of the death, disability or permanent incapacity of Area Developer, Franchisor shall consent to the transfer of all of the interest of Area Developer to Area Developer's spouse, heirs or relatives, by blood or marriage, or if this Agreement was originally executed by more than one party, then to the remaining party who originally executed this Agreement, whether such transfer is made by Area Developer's Last Will and Testament or by operation of law, provided that the requirements of Section X

hereof have been met. In the event that Area Developer's heirs do not obtain the consent of Franchisor as prescribed herein, the personal representative of Area Developer shall have a reasonable time to dispose of Area Developer's interest hereunder, which disposition shall be subject to all the terms and conditions for transfers under this Agreement.

11.7 Area Developer acknowledges and agrees that the restrictions on transfer imposed herein are reasonable and are necessary to protect the Development Rights, and the System and the Marks, as well as Franchisor reputation and image, and are for the protection of Franchisor, Area Developer, and other Area Developers. Any assignment or transfer permitted by this Section XI shall not be effective until Franchisor receives a completely executed copy of all transfer documents, and Franchisor consents in writing thereto.

11.8 Franchisor agrees not to unreasonably withhold its consent to a sale, assignment, or transfer by Area Developer hereunder. Consent to such transfer otherwise permitted or permissible as reasonable may be refused unless:

11.8.1 All obligations of the Area Developer created by this Agreement, all other franchise documents, including all Franchise Agreements, and the relationship created hereunder are assumed by the transferee

11.8.2 All ascertained or liquidated debts of Area Developer to Franchisor or its affiliated or subsidiary corporations are paid.

11.8.3 Area Developer is not in default hereunder.

11.8.4 Franchisor is reasonably satisfied that the transferee meets all of the requirements of Franchisor for new area developers, including but not limited to, good reputation and character, business acumen, operational ability, management skills, financial strength, and other business considerations.

11.8.5 Transferee executes or, in appropriate circumstances, causes all necessary parties to execute, Franchisor's standard form of Area Development Agreement, Franchise Agreements for all Gyms open or under construction hereunder, and such other then-current ancillary agreements, including personal guarantees, being required by Franchisor of new area developers on the date of transfer.

11.8.6 Area Developer executes a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its officers, directors, members, managers, employees and principal stockholders of any and all claims and causes of action that he may have against Franchisor or any subsidiary or affiliated entities in any way relating to this Agreement or the performance or non-performance thereof by Franchisor.

11.8.7 Area Developer or transferee pays to Franchisor a transfer fee in an amount equal to ten percent (10%) of the Development Fee paid by Area Developer to cover Franchisor's reasonable costs in effecting the transfer and in providing training and other initial assistance to transferee.

11.19 Upon the death or mental incapacity of any person with an interest of more than twenty- five percent (25%) in this Agreement or in Area Developer, the executor, administrator, or personal representative of such person shall transfer his interest to a third party approved by Franchisor within six (6) months. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions set forth in Section 11.1 hereof, the personal representative of the deceased shall have a reasonable time, not to

exceed six (6) months from the date said personal representative is appointed, to dispose of the deceased's interest in Area Developer or in the Development Rights, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. It is understood and agreed, however, that notwithstanding the foregoing, the Minimum Performance Schedule shall be complied with as though no such death or mental incapacity had occurred. In the event the interest described above is not disposed of within such time, Franchisor shall have the right to terminate this Agreement, provided such termination had not previously occurred for failure to perform pursuant to the Minimum Performance Schedule, upon ninety (90) days' notice to Area Developer's representative, or Franchisor shall have the right to re-purchase same at the same price being sought by the Area Developer's representative.

11.10 Franchisor consent to a transfer of any interest in Area Developer or in the Development Rights pursuant to this Section shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor right to demand exact compliance with any of the terms of this Agreement by the transferee.

11.11 Franchisor shall have the right, without the need for Area Developer's consent, to assign, transfer or sell its rights under this Agreement to any person, partnership, corporation, or other legal entity provided that the transferee agrees in writing to assume all obligations undertaken by Franchisor herein and Area Developer receives a statement from both Franchisor and its transferee to that effect. Upon such assignment and assumption, Franchisor shall be under no further obligation hereunder, except for accrued liabilities, if any. Area Developer further agrees and affirms that Franchisor may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, Area Developer expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor name, Marks (or any variation thereof) and System and/or the loss of association with or identification of PERFORMANCE 360 FRANCHISE GROUP, LLC. as Franchisor under this Agreement. Area Developer specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing.

Area Developer agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business, regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as "Franchisor " Gyms operating under the Marks or any other marks following Franchisor purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which Area Developer acknowledges may be within its Development Area, proximate thereto, or proximate to any of Area Developer's locations.

If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the "Franchisor" business or to offer or sell any products or services to Area Developer

11.12 This Agreement shall inure to the benefit of Franchisor, its successors and assigns, and Franchisor shall have the right to transfer or assign all or any part of its interest herein to any person or legal entity, provided such transferee agrees to perform all of Franchisor obligations hereunder.

SECTION XII: COVENANTS

12.1 Area Developer specifically acknowledges that, pursuant to this Agreement, Area Developer will receive valuable training and confidential information, including, without limitation, secret recipes,

information regarding the marketing methods and techniques of Franchisor and the System. Area Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Area Developer and persons controlling, controlled by or under common control with Area Developer, shall not, either directly or indirectly, for himself, or through, on behalf of or in conjunction with any person, persons, or legal entity:

12.1.1 Divert or attempt to divert any business or client of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

12.1.2Employ or seek to employ any person who is at the time employed by Franchisor or by any other franchisee or Area Developer of Franchisor, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat.

12.1.3 Own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any gym concept other than the Franchised Business (including any business operated by Area Developer prior to entry into this Agreement) specializing, in whole or in part, in any national fitness centers, local gyms, personal trainers, and specialty training businesses (like book camp fitness businesses, sport-specific athletic training businesses and multi-spot or cross training businesses) offered by Franchisor or any of its franchisees or which Area Developer may be authorized to offer in connection with the Franchised Business.

12.2 Area Developer covenants that, except as otherwise approved in writing by Franchisor, Area Developer shall not, for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement, and continuing for two (2) years thereafter (and, in case of any violation of this covenant, for two (2) years after the violation ceases), either directly or indirectly, for himself or herself, or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any business other than the Franchised Business specializing, in whole or in part, in any national fitness centers, local gyms, personal trainers, and specialty training businesses (like book camp fitness businesses, sport-specific athletic training businesses and multi-spot or cross training businesses which Area Developer may be authorized to offer in connection with the Franchised Business, which is located:

12.2.1 Within the Development Area; or

12.2.2 Within a radius of twenty-five (25) miles of the location of any Gym; or

12.2.3 Within a radius of twenty-five (25) miles of the location of any other business using the System, whether franchised or owned by Franchisor.

12.3 Subsections 12.1.3 and 12.2 of this Section shall not apply to ownership by Area Developer of less than a five percent (5%) beneficial interest in the outstanding equity securities of any corporation or other entity which is registered under the Securities Exchange Act of 1934.

12.4 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section XII is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party, Area Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section XII.

12.5 Area Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Subsections 12.1 and 12.2 or any portion thereof, without Area Developer's consent, effective immediately upon receipt by Area Developer of written notice thereof, and Area Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section XVI hereof.

12.6 Area Developer expressly agrees that the existence of any claim it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section XII.

12.7 Area Developer acknowledges that any failure to comply with the requirements of this Section XII would cause Franchisor irreparable injury for which no adequate remedy at law may be available, and Area Developer hereby accordingly consents to Franchisor seeking injunctive relief prohibiting any conduct by Area Developer in violation of the terms of this Section XII. Franchisor may further avail itself of any other legal or equitable rights and remedies which it may have under this Agreement or otherwise.

12.8 At Franchisor's request, Area Developer shall require and obtain the execution of covenants similar to those set forth in this Section XII (including covenants applicable upon the termination of a person's relationship with Area Developer) from any or all of the following persons:

12.8.1 All Gym managers of Area Developer and any other personnel employed by Area Developer who have received training from Franchisor.

12.8.2 All officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of Area Developer and of any corporation directly or indirectly controlling Area Developer, if Area Developer is a corporation; and

12.8.3 The general partners and any limited partners (including any corporation, and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if Area Developer is a partnership.

Each covenant required by this Subsection 12.8 shall be in a form satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them. Failure by Area Developer to obtain execution of a covenant required by this Subsection 12.8 shall constitute a default under Section IX hereof.

12.9 During the term of this Agreement, an officer or agent of Franchisor shall have the right to inspect any Gym in which Area Developer has an interest at reasonable times and during normal business hours to the extent reasonably necessary to determine whether the conditions of this Section XII are being satisfied. If, by reason of such inspections or otherwise, Franchisor has reason to believe that Area Developer is not in full compliance with the terms of this Section, Franchisor shall give notice of such default to Area Developer, specifying the nature of such default. If Area Developer denies that it is in default hereunder, as specified by Franchisor, it shall have the burden of establishing that such default does not exist and shall give notice to Franchisor of its position, within ten (10) days of receipt of the notice from Franchisor. Unless Area Developer so denies such default, it shall immediately take all steps to cure said default in a manner satisfactory to Franchisor.

SECTION XIII: NOTICES

13.1 Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:

Performance360 Franchise Group, LLC.
4515 Gresham Street
San Diego, CA 92109
(619) 881-0132

Notices to Franchisee:

_____
_____
_____
_____

Any notice by certified or registered mail shall be deemed to have been given at the date and time of mailing.

SECTION XIV: INDEPENDENT CONTRACTOR AND INDEMNIFICATION

14.1 It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever. Each party to this Agreement is an independent contractor, and neither shall be responsible for the debts or liabilities incurred by the other.

14.2 Area Developer shall hold itself out to the public to be an independent contractor operating pursuant to this Agreement. Area Developer agrees to take such actions as shall be necessary to that end.

14.3 Area Developer understands and agrees that nothing in this Agreement authorizes Area Developer to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and that Franchisor assumes no liability for, nor shall be deemed liable by reason of, any act or omission of Area Developer or any claim or judgment arising therefrom. Area Developer shall indemnify and hold Franchisor and Franchisor officers, directors, and employees harmless against any and all such claims arising directly or indirectly from, as a result of, or in connection with Area Developer's activities hereunder, as well as the cost, including reasonable attorneys' fees, of defending against them, except that the foregoing shall not apply to infringement actions regarding the Marks which are caused solely by actions of Franchisor or actions caused by the negligent acts of Franchisor or its agents.

SECTION XV: APPROVALS

15.1 Whenever this Agreement requires the prior approval or consent of Franchisor, Area Developer shall make a timely written request to Franchisor therefore, and, except as otherwise provided herein, any approval or consent granted shall be in writing.

15.2 Franchisor makes no warranties or guarantees upon which Area Developer may rely, and assumes no liability or obligation to Area Developer or any third party to which it would not otherwise be subject, by providing any waiver, approval, advise, consent or services to Area Developer in connection with this Agreement, or by reason of any neglect, delay, or denial of any request, therefore.

SECTION XVI: NON-WAIVER

16.1 No failure of either Franchisor or Area Developer to exercise any power reserved to it under this Agreement or to insist upon compliance by the other party with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's or Area Developer's rights to demand exact compliance with the terms of this Agreement. Waiver by either party of any particular default shall not affect or impair the right by that party with respect to any subsequent default of the same or of a different nature; nor shall any delay, forbearance or omission to exercise any power or right arising out of any breach or default by the other party of any of the terms, provisions or covenants of this Agreement affect or impair such party's rights, nor shall such constitute a waiver of any rights hereunder or rights to declare any subsequent breach or default.

SECTION XVII: SEVERABILITY AND CONSTRUCTION

17.1 Each covenant and provision of this Agreement shall be construed as independent of any other covenant or provision of this Agreement. The provisions of this Agreement shall be deemed severable.

17.2 If all or any portion of a covenant or provision of this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a decision to which Franchisor is a party, Area Developer expressly agrees to be bound by any lesser covenant or provision imposing the maximum duty permitted by law which is subsumed within the terms of such covenant or provision, as if that lesser covenant or provision were separately stated in and made a part of this Agreement.

17.3 Nothing in this Agreement shall confer upon any person or legal entity other than Franchisor or Area Developer, and such of their respective successors and assigns as may be contemplated by Section XI hereof, any rights or remedies under or by reason of this Agreement.

17.4 All captions in this Agreement are intended solely for the convenience of the parties and none shall be deemed to affect the meaning or construction of any provision hereof.

17.5 All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements, and obligations herein made or undertaken by Area Developer shall be deemed jointly and severally undertaken by all those executing this Agreement on behalf of Area Developer.

17.6 This Agreement may be executed in triplicate and each copy of executed Agreement shall be deemed an original.

SECTION XVIII: ENTIRE AGREEMENT – APPLICABLE LAW

18.1 This Agreement, the documents referred to herein and the Exhibits attached hereto constitute the entire, full, and complete agreement between Franchisor and Area Developer concerning the subject matter hereof and supersede any and all prior agreements. 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 shall be interpreted and construed under the laws of the state in which the Area Developer operates, and the parties hereto consent to irrevocably submit to the jurisdiction of all courts located within the State of California, County of San Diego. Be that as it may, nothing in this Agreement or in any related agreement is intended to disclaim the representations Franchisor made in the franchise disclosure document.

SECTION XIX: ARBITRATION

19.1 IN THE EVENT ANY PARTY IS REQUIRED TO EMPLOY LEGAL COUNSEL OR TO INCUR OTHER REASONABLE EXPENSES TO ENFORCE ANY OBLIGATION OF ANOTHER PARTY HEREUNDER, OR TO DEFEND AGAINST ANY CLAIM, DEMAND, ACTION, OR PROCEEDING BY REASON OF ANOTHER PARTY'S FAILURE TO PERFORM ANY OBLIGATION IMPOSED UPON SUCH PARTY BY THIS AGREEMENT, AND PROVIDED THAT LEGAL ACTION IS FILED BY OR AGAINST THE FIRST PARTY AND SUCH ACTION OR THE SETTLEMENT THEREOF ESTABLISHES THE OTHER PARTY'S DEFAULT HEREUNDER, THEN THE PREVAILING PARTY SHALL BE ENTITLED TO RECOVER FROM THE OTHER PARTY THE AMOUNT OF ALL REASONABLE ATTORNEYS' FEES OF SUCH COUNSEL AND ALL OTHER EXPENSES REASONABLY INCURRED IN ENFORCING SUCH OBLIGATION OR IN DEFENDING AGAINST SUCH CLAIM, DEMAND, ACTION, OR PROCEEDING, WHETHER INCURRED PRIOR TO OR IN PREPARATION FOR OR CONTEMPLATION OF THE FILING OF SUCH ACTION THEREAFTER. NOTHING CONTAINED IN THIS PARAGRAPH SHALL RELATE TO ARBITRATION PROCEEDINGS PURSUANT TO THIS AGREEMENT.

19.2 EXCEPT AS SPECIFICALLY OTHERWISE PROVIDED IN THIS AGREEMENT, THE PARTIES AGREE THAT ALL CONTRACT DISPUTES THAT CANNOT BE AMICABLY SETTLED SHALL BE DETERMINED SOLELY AND EXCLUSIVELY BY ARBITRATION UNDER THE FEDERAL ARBITRATION ACT AS AMENDED AND IN ACCORDANCE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR THEREOF. ARBITRATION SHALL TAKE PLACE AT AN APPOINTED TIME AND PLACE IN THE STATE OF CALIFORNIA, COUNTY OF SAN DIEGO.

19.3 THE ARBITRATOR MUST FOLLOW THE LAW AND NOT DISREGARD THE TERMS OF THIS AGREEMENT. THE ARBITRATOR MUST HAVE AT LEAST 5 YEARS OF SIGNIFICANT EXPERIENCE IN FRANCHISE LAW. A JUDGMENT MAY BE ENTERED UPON THE ARBITRATION AWARD BY ANY STATE OR FEDERAL COURT IN THE STATE WHERE WE MAINTAIN OUR HEADQUARTERS OR THE STATE WHERE YOUR GYM IS LOCATED. THE DECISION OF THE ARBITRATOR WILL BE FINAL AND BINDING ON ALL PARTIES TO THE DISPUTE, HOWEVER, THE ARBITRATOR MAY NOT UNDER ANY CIRCUMSTANCES (1) STAY THE EFFECTIVENESS OF ANY PENDING TERMINATION OF THIS AGREEMENT, (2) ASSESS PUNITIVE OR EXEMPLARY DAMAGES, OR (3) MAKE ANY AWARD WHICH EXTENDS, MODIFIES, OR SUSPENDS ANY LAWFUL TERM OF THIS AGREEMENT OR ANY REASONABLE STANDARD OF BUSINESS PERFORMANCE THAT WE SET.

19.4 NOTHING HEREIN CONTAINED SHALL BAR THE RIGHT OF EITHER PARTY TO SEEK AND OBTAIN TEMPORARY AND PERMANENT INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION CONSISTENT WITH ARTICLE XIX HEREOF IN ACCORDANCE WITH APPLICABLE

LAW AGAINST THREATENED CONDUCT THAT WILL IN ALL PROBABILITY CAUSE LOSS OR DAMAGE TO AREA DEVELOPER OR COMPANY.

19.5 AREA DEVELOPER SHALL NOT ASSERT ANY CLAIM OR CAUSE OF ACTION AGAINST COMPANY, ITS OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES OR AFFILIATES AFTER ONE (1) YEAR FOLLOWING THE EVENT GIVING RISE TO SUCH CLAIM OR CAUSE OF ACTION.

SECTION XX: TIMELY PERFORMANCE

20.1 Area Developer hereby acknowledges that its timely development of the Gyms in the Development Area in accordance with the Minimum Performance Schedule is of material importance to Franchisor and Area Developer. Area Developer agrees, as a condition of the continuance of the rights granted hereunder, to develop and open Gyms within the Development Area in accordance with the Minimum Performance Schedule, to operate such Gyms pursuant to the terms of the Franchise Agreements and to maintain all such Gyms in operation continuously. Franchisor agrees to diligently act upon any request of or approval from Area Developer and any material delay in Area Developer's ability to meet the Minimum Performance Schedule which is directly caused by Franchisor failure to act diligently upon a request for approval shall not constitute a default hereunder. Further, a failure or delay in performance by any party to this Development Agreement shall not be a default hereunder if such failure or delay arises out of or results from a Force Majeure, which for purposes of this Development Agreement shall be defined as fire, flood, earthquake, or other natural disasters, or acts of a public enemy, war, rebellion, or sabotage.

SECTION XXI: 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..

This Agreement shall be effective as of the date it is executed by the authorized representatives of both parties.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this Agreement in triplicate on the day and year first above written.

PERFORMANCE360

FRANCHISE GROUP, LLC

By: _____

Dave Thomas, CEO

Date: _____

AREA DEVELOPER

By: _____

(Name, Title)

Date: _____

EXHIBIT A

OF THE AREA DEVELOPMENT AGREEMENT

MINIMUM PERFORMANCE SCHEDULE

The Agreement authorizes and obliges Area Developer to establish and operate a total of _____ Gyms pursuant to a separate Franchise Agreement for each Gym. The following is Area Developer's Minimum Performance Schedule:

Total Number of Gym Leases to be Signed	Total Number of Gyms to be Open and Operating	Applicable Time Period (from Execution of the Agreement)

PERFORMANCE360

FRANCHISE GROUP, LLC

By: _____

Dave Thomas, CEO

Date: _____

AREA DEVELOPER

By: _____

(Name, Title)

Date: _____

EXHIBIT B

OF THE AREA DEVELOPMENT AGREEMENT

DEVELOPMENT AREA

The following describes the exclusive Development Area within which Area Developer may locate Performance360 Gyms under this Agreement:

PERFORMANCE360

FRANCHISE GROUP, LLC

By: _____

Dave Thomas, CEO

Date: _____

AREA DEVELOPER

By: _____

(Name, Title)

Date: _____

EXHIBIT C

OF THE AREA DEVELOPMENT AGREEMENT

CERTIFICATION OF AREA DEVELOPER

The undersigned, personally and as an officer or partner of Area Developer, as applicable, does hereby certify that he/she has conducted an independent investigation of the business contemplated by this Area Development Agreement and that the decision to execute the Area Development Agreement was based entirely upon the independent investigation by the undersigned; and the undersigned further certifies that he/she has not relied upon, in any way, any claims regarding potential sales, income, or earnings to be derived from the business contemplated by the Franchise Agreement and Area Development Agreement, and has not relied upon any claims regarding past or current sales, income or earnings of Franchisor Gyms. The undersigned further certified that he/she understands the risks involved in this investment and Franchisor has made no representation or guaranty, explicit or implied that the Area Developer will be successful or will recoup his investment

IN WITNESS WHEREOF, the undersigned has signed and delivered this Certificate to Franchisor on _____.

AREA DEVELOPER

By: _____

(Name, Title)

Date: _____

Each of the undersigned owns a five percent (5%) or greater beneficial interest in Area Developer, each has read this Area Development Agreement, and each agrees to be individually bound by all obligations of Area Developer hereunder.

Name: _____ Name: _____

Name: _____ Name: _____

EXHIBIT G

TO DISCLOSURE DOCUMENT

COMPLIANCE QUESTIONNAIRE

PERFORMANCE360 FRANCHISE GROUP, LLC
COMPLIANCE QUESTIONNAIRE

TO BE COMPLETED THE SAME DAY YOU SIGN THE FRANCHISE AGREEMENT

Note to California Franchisees: California franchisees should not complete the Questionnaire and if any California franchisee completes the Questionnaire, it is against California public policy and will be void and unenforceable, and franchisor will destroy, disregard, and will not rely on such Questionnaire.

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.

You are preparing to enter into a PERFORMANCE360 Franchise Group, LLC, Franchise Agreement (referred to as "Agreement") with us. You must sign and date this Questionnaire the same day you sign the Franchise Agreement and pay your franchise fee. Please closely review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Have you received and personally read the PERFORMANCE360 Franchise Group, LLC Franchise Disclosure Document ("FDD")?

   Yes _____ No _____

2. Did you give us a signed Receipt for the copy of the FDD that we furnished to you?

   Yes _____ No _____ If yes, on what date? _____

3. Do you understand all of the information contained in the FDD?

   Yes _____ No _____

   If not, what parts of the FDD do you not understand? (If you need additional space, please use the "Additional Information Intake Form" included after the signature blocks below).

   _____

   _____

   _____

   _____

   _____

4. Have you received and personally read the PERFORMANCE360 Franchise Group, LLC Franchise Agreement?

   Yes _____ No _____

5. Do you understand all of the terms of the Agreement?

   Yes _____ No _____

   If not, what parts of the Agreement do you not understand? (If you need additional space, please use the "Additional Information Intake Form" included after the signature blocks below).

6. Have any of our representatives recommended that you have the FDD, and agreements reviewed by an attorney?

   Yes _____ No _____

7. A) Have you, in fact, discussed the FDD, the agreements, and the benefits and risks of operating a PERFORMANCE360® franchise with an attorney?

   Yes _____ No _____

   If Yes, name of attorney: _____

   If No, do you wish to have more time to do so?

   Yes _____ No _____

   B) Have you discussed the benefits and risks of operating a PERFORMANCE360® Franchise Business any other professional advisor?

   Yes _____ No _____

   If Yes, name and profession of advisor: _____

   C) Did you discuss the benefits and risks of operating a PERFORMANCE360® Franchise Business with an existing PERFORMANCE360® franchise?

   Yes _____ No _____

8. Other than information presented in Item 19 of the FDD, have any of our employees or has any other person speaking on our behalf (this does not include franchisees whom you contact on your own) made any statement or representation (oral, written, or visual) regarding:

   A) The amount of money that others have made or that you might make as a PERFORMANCE360® franchisee?

   Yes _____ No _____

   B) The revenue profits that a PERFORMANCE360® Franchise Business will generate?

   Yes _____ No _____

   C) Any other financial performance information about PERFORMANCE360® businesses?

   Yes _____ No _____

9. If your answer to any part of Question 8 is “Yes”, please describe the statement or representation. Please include when, where, and by whom the statement or representation was made. Please provide full details in the following space. (If you need additional space, please use the “Additional Information Intake Form” included after the signature blocks below).

_____

_____

_____

_____

10. Have you contacted any existing PERFORMANCE360® franchisees about their financial performance?

Yes _____ No _____

11. If your answer to Question 10 is "Yes", please describe the information that they shared with you in the following space. (You do not need to identify the franchisees with whom you spoke).

_____

_____

_____

_____

12. Please think about the statements or promises made to you by our employees (or by any other person purporting to speak on our behalf) concerning the advertising, marketing, training, support, or assistance that we will furnish to you. Were any such statements or promises contrary to, or different from, the information contained in the FDD?

Yes _____ No _____

13. If you answered "Yes" to Question 12, please provide full details in the following space. (If you need additional space, please use the "Additional Information Intake Form" included after the signature blocks below).

_____

_____

_____

_____

_____

14. Would you agree that the success or failure of your PERFORMANCE360® franchise will depend in large part on your own skills and abilities and efforts, and those of the people you employ, as well as many factors beyond your control such as competition, the economy, inflation, labor and equipment costs, the marketplace, and other business factors?

Yes _____ No _____

15. Do you understand the Franchise Agreement provides you can only collect compensatory damages on any claim under or relating to the Franchise Agreement, and not any punitive, exemplary, or multiple damages?

Yes _____ No _____

16. Do you understand that we do not have to sell you a franchise or additional franchises (or Areas of Primary Responsibility or PERFORMANCE360® Location Assurance Program), or consent to your purchase of existing franchises?

Yes _____ No _____

17. Do you understand that the Franchise Agreement contains the entire agreement between us and you concerning the franchise for the PERFORMANCE360®, meaning any prior oral or written statements not set out in the Franchise Agreement will not be binding?

    Yes _____ No _____

18. Do you understand that once you sign the Franchise Agreement and pay the Initial Franchise Fee, your Initial Franchise Fee payment is nonrefundable under any circumstance?

    Yes _____ No _____

19. Do you understand that, under the terms of the Franchise Agreement, you are fully responsible and liable for complying with all government license and permit requirements, as well as with all laws and regulations applicable to the establishment and operation of your PERFORMANCE360® franchise?

    Yes _____ No _____

20. Do you understand the risks of operating a PERFORMANCE360® franchise?

    Yes _____ No _____

You understand that we are acting in reliance on the truthfulness and completeness of your responses to the questions above in entering into the Agreements with Franchisee. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. YOU ACKNOWLEDGE AND AGREE THAT IN THE EVENT THAT ANY DISPUTE ARISES, THIS QUESTIONNAIRE WILL BE ADMISSIBLE AS EVIDENCE IN ANY LEGAL ACTION, AND YOU HEREBY WAIVE, TO THE FULLEST EXTENT PERMISSIBLE UNER THE LAW, ANY OBJECTION TO SUCH ADMISSION OF THIS QUESTIONNAIRE.

NOTE: IF THE FRANCHISEE IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS OWNERS MUST EXECUTE THIS ACKNOWLEDGEMENT.

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits us from requiring a prospective franchisee to assent to any release, estoppel, or waiver of liability as a condition of purchasing a franchise. Any provisions of the Franchise Agreement which requires a prospective franchisee to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law in order to purchase a franchise 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.

[SIGNATURE ON THE NEXT PAGE]

THIS COMPLIANCE QUESTIONNAIRE MAY BE COMPLETED AND SIGNED WITH FULL FORCE AND EFFECT USING ELECTRONIC FIELD INPUTS AND SIGNATURES:

FRANCHISEE	**OWNER/GUARANTOR**
By: _____	_____
a/an _____	_____
By: _____	_____
Name: _____	_____
Title: _____	
Date: _____	Date: _____

ADDITIONAL INFORMATION INTAKE FORM
TO COMPLIANCE QUESTIONNAIRE

Please use this form to provide all additional information for which you did not have sufficient space above in the body of the Compliance Questionnaire. This form is part of the Compliance Questionnaire and together with the above form, you represent and agree that all of the information included is your honest and complete responses to each question.

1. Additional Information for Question No. _____

2. Additional Information for Question No. _____

3. Additional Information for Question No. _____

EXHIBIT H

TO DISCLOSURE DOCUMENT

LIST OF CURRENT FRANCHISEES

AND

LIST OF FORMER FRANCHISEES

LIST OF CURRENT FRANCHISEES

Franchised Outlets Open
As of December 31, 2022

NONE

STATE	FRANCHISEE	ADDRESS	NO. OF OUTLETS	TELEPHONE

Franchisees with Signed Franchise Agreement
But Outlet not Open as of December 31, 2022

STATE	FRANCHISEE	ADDRESS	NO. OF OUTLETS	TELEPHONE
California	Cody Goyette, Jenn Ciofolo, Mark Fleury, Guy Whetstone, and Jen Whetstone	3253 Caminito Eastbluff, Unit 30 La Jolla, CA 92037	One	(619) 808-1094
California	Jared Belfer	7415 Caminito Rialto, La Jolla, CA 92937	One	(616) 560-1361
California	Nathan Correia	1203 Evergreen Street San Diego, CA 92106	One	(619) 820-5400
California	Performance Syndicate, LLC	864 Grand Avenue, Suite 492 San Diego, CA 92109	One	(703) 216-9586
Colorado	Tailwind Fitness, LLC	6688 Kenzie Circle Castle Pines, CO 80108	One	

Note 1. The term “Outlets” as used in the above franchisee lists is consistent with the term “Outlets” used in the Item 20 charts and is the equivalent of the term “APR” or Area of Primary Responsibility as defined in the franchise agreement.

LIST OF FORMER FRANCHISEES
As of December 31, 2022

NONE

STATE	FRANCHISEE	ADDRESS	NO. OF OUTLETS	TELEPHONE

EXHIBIT I

TO THE DISCLOSURE DOCUMENT

DIRECTORY OF FEDERAL, STATE AND CANADIAN FRANCHISE REGULATORS

AND

AGENT FOR SERVICE OF PROCESS

DIRECTORY OF FEDERAL,
STATE AND CANADIAN
FRANCHISE REGULATORS

FEDERAL

FEDERAL TRADE COMMISSION

Division of Marketing Practices
Seventh and Pennsylvania Avenues, N.W., Room 238
Washington, D.C. 20580
Tel: 202-236-2970

STATE FRANCHISE REGULATORS & AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

California Department of
Financial Protection and Innovation
Commissioner of Financial
Protection and Innovation
2101 Arena Blvd.
Sacramento, CA 95834
866-275-2677

CONNECTICUT

Banking Commissioner
44 Capitol Avenue
Hartford, Connecticut 06106
317-232-6685

FLORIDA

State Department of Agriculture and
Consumer Services
P.O. Box 6700 Suite 7200
Tallahassee, FL 32314-6700
850-410-3754

HAWAII

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

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
217-782-4465

INDIANA

Chief Deputy Commissioner
Securities Divisions
302 West Washington Street Room E-111
Indianapolis, Indiana 46204

MARYLAND

Securities Commissioner
Division of Securities
200 St. Paul Place 20th Floor
Baltimore, Maryland 21202-2020
410-576-6360

MICHIGAN

Franchise Administrator
670 Law Building
Lansing, Michigan 48913
517-373-7117

MINNESOTA
Director of Registration
Minnesota Department of Commerce
133 East Seventh Street
St. Paul, Minnesota 55101
612-296-2284

NEW YORK
Principle Attorney
New York State Dept. of Law
120 Broadway, Room 23-122
New York, New York 10271
212-416-8000

NORTH DAKOTA
Franchise Examiner
600 East Boulevard 5th Floor
Bismarck, North Dakota 58505
701-224-4712

OREGON
Department of Insurance and Finance
Division of Finance & Corporate Securities
Securities Section
21 Labor and Industries Building
Salem, Oregon 97310
503-378-4387

RHODE ISLAND
Associate Director and Superintendent of Securities
Division of Securities
233 Richmond Street, Suite 232
Providence, Rhode Island 02903-4232
401-277-3048

SOUTH DAKOTA
Department of Labor and Regulation
Division of Securities
124 South Euclid Suite 104
Pierre, South Dakota 57501
605-773-4823

TEXAS
Secretary of State
P.O. Box 12697
Austin, Texas 78711-2697
1019 Brazos
Austin, Texas 78701
512-463-5701

VIRGINIA
Clerk of the State Corporation Commission
1300 East Main St, 1st Floor
Richmond, Virginia 23219
804-371-9733

State Corporation Commission
1300 East Main St. 9th Floor
Richmond, Virginia 23219
804-371-9051

WISCONSIN
Commissioner of Securities or
Franchise Administrator
101 East Wilson Street
P.O. Box 1768
Madison, Wisconsin 53701
Commissioner 608-266-3431
Franchise Administrator 608-266-8559

WASHINGTON
Securities Administrator
150 Israel Road SW
Tumwater, Washington 98501
360-902-8760

CANADA

Director of Franchises
Alberta Securities Commission Agency
21st Floor
10025 Jasper Avenue
Edmonton, Alberta T5J 3Z5

Director of Franchises
Ontario Securities Commission
Suite 1903
20 Queen Street, West
Toronto, Ontario MSH 3S8
(416) 593-8314

Director of Franchises
New Brunswick Securities Commission
Suite 300
85 Charlotte Street
Saint John, New Brunswick 32L 2J2

Office of the Attorney General
Consumer, Corporate, and Insurance Division
PEI Securities Office
P.O. Box 2000
Charlottetown, Prince Edward Island
C1A 7N8
(902) 368-4569

AGENTS FOR SERVICE OF PROCESS

If a state is not listed, Franchisor has not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed below in which Franchisor has appointed an agent for services of process.

There may also be additional agents appointed in some of the states listed.

Alabama
Securities Commission
770 Washington Avenue, Suite 570
Montgomery, AL 36130-4700
(334) 242-2984
(800) 222-1253
(334) 242 0240 (Fax)

Alaska
Dept. of Community and Economic Development
Div. of Banking, Securities & Corporations
150 Third Street, Room 217
(907) 465-2521
(907) 465-1230 (Fax)

Arizona
Corporation Commission
Securities Division
1300 West Washington Street, Third Floor
Phoenix, AZ 85007
(602) 542-4242
(602) 594-7470 (Fax)

Arkansas
Securities Department
Heritage West Building
201 East Markham, Room 300
Little Rock, AR 72201-1692
(501) 324-9260
(501) 324-9268 (Fax)

California
Department of Financial Protection and Innovation
Commissioner of Financial Protection and Innovation
2101 Arena Blvd.
Sacramento, CA 95834
1-866-275-2677
(916) 445-7975 (Fax)

Colorado
Division of Securities
1560 Broadway Street, Suite 900
Denver, CO 80202
(303) 894-2320
(303) 861-2126 (Fax)

Connecticut
Department of Banking
260 Constitution Plaza
Hartford, CT 06103-1800
(860) 240-8230
(860) 240-8295 (Fax)

Delaware
Department of Justice
Division of Securities
Carvel State Office Building
820 North French Street, 5th Fl.
Wilmington, DE 19801
(302) 577-8424
(302) 577-6987 (Fax)

District of Columbia
Department of Insurance & Securities Regulation
Securities Bureau
810 First Street, NE, Suite 622
Washington, DC 20002
(202) 727-8000
(202) 535-1199 (Fax)

Florida
Financial Services Commission
Office of Financial Regulation
200 East Gaines Street
The Fletcher Building
Tallahassee, FL 32399-0372
(850) 410-9805
(850) 410-9748 (Fax)

AGENTS FOR SERVICE OF PROCESS

Georgia
Office of the Secretary of State
Division of Business Services and Regulation
Two Martin Luther King, Jr. Drive SE
802 West Tower
Atlanta, GA 30334
(404) 656-3920
(404) 651-6451 (Fax)

Hawaii
Department of Commerce & Consumer Affairs
Division of Business Regulation
335 Merchant Street Room 203
Honolulu, HI 96813
(808) 586-2744
(808) 586-2733 (Fax)

Idaho
Department of Finance
800 Park Boulevard Suite 200
Boise, ID 83712
(208) 332-8004
(208) 332-8099 (Fax)

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

Indiana
Office of the Secretary of State
Securities Division
302 West Washington Room E-111
Indianapolis, IN 46204
(317) 232-6681
(317) 233-3675 (Fax)

Iowa
Insurance Division
Securities Bureau
340 E. Maple Street
Des Moines, IA 50319-0066
(515) 281-4441
(515) 281-3059 (Fax)

Kansas
Office of the Securities Commissioner
618 South Kansas Avenue
Topeka, KS 66603-3804
(785) 296-3307
(785) 296-6872 (Fax)

Kentucky
Department of Financial Institutions
1025 Capital Center Drive Suite 200
Frankfort, KY 40601
(502) 573-3390
(800) 223-2579

Louisiana
Securities Commission
Office of Financial Institutions
8660 United Plaza Blvd. Second Floor
Baton Rouge, LA 70809-7024
(225) 925-4512
(225) 925-4548 (Fax)

Maine
Securities Division
State House Station 121
Augusta, ME 04333
(207) 624-8551
(207) 624-8590 (Fax)

AGENTS FOR SERVICE OF PROCESS

Maryland
Maryland Securities Commissioner
200 Saint Paul Place
Baltimore, MD 21202-2020
(410) 576-6360
(410) 576-6532 (Fax)

Massachusetts
Securities Division
One Ashburton Place Room 1701
Boston, MA 02108
(617) 727-3548
(617) 248-0177 (Fax)

Michigan
Conduct Review & Securities Division
Office of Financial & Ins. Services
Dept. of Labor & Economic Growth
611 West Ottawa St, Third Floor
Lansing, MI 48933
(877)999-6442
(517)241-3953 (Fax)

Minnesota
Commissioner of Commerce
85 7th Place East, Suite 500
Saint Paul, MN 55101
(651) 296-4026
(651) 296-4328 (Fax)

Mississippi
Office of the Secretary of State Business Regulation & Enforcement Division
700 North Street
Jackson, MS 39202
(601) 359-6371

Missouri
Office of the Secretary of State
600 West Main Street
Jefferson City, MO 65101
(573) 751-4136
(573) 526-3124 (Fax)

Montana
Office of the State Auditor
Securities Department
840 Helena Avenue
Helena, MT 59601
(406) 444-2040
(406) 444-5558 (Fax)

Nebraska
Nebraska Department of Banking & Finance
1230 "O" Street, Suite 400
Lincoln, NE 68509-5006
(402) 471-3445

New Hampshire
Bureau of Securities Regulation
State House Annex
Suite 317A 3rd Floor
Concord, NH 03301
(603) 271-1463
(603) 271-7933 (Fax)

New Jersey
Department of Law & Public Safety
Bureau of Securities
153 Halsey Street 6th Floor
Newark, NJ 07102
(973) 504-3600
(973) 504-3601 (Fax)

New Mexico
Regulation & Licensing Department
Securities Division
2550 Cerrillos Road
Santa Fe, NM 87505
(505) 476-4580

New York
Secretary of State
One Commerce Plaza
99 Washington Avenue
Albany, NY 12231-0001
(212) 416-8222

AGENTS FOR SERVICE OF PROCESS

North Carolina
Secretary of State
Securities Division
Old Revenue Complex
2 S. Salisbury Street
Raleigh, NC 27601
(919) 733-3924
(919) 821-0818 (Fax)

North Dakota
Securities Commission
600 East Boulevard
State Capitol, 5th Floor
Bismarck, ND 58505-0510
(701) 328-2910
(701) 328-2946 (Fax)

Ohio
Division of Securities
77 South High Street 22nd Floor
Columbus, OH 43215
(614) 644-7381
(614) 466-3316 (Fax)

Oklahoma
Department of Securities
1st National Center, Suite 860
120 N. Robinson
Oklahoma City, OK 73102
(405) 280-7700
(405) 280-7742 (Fax)

Oregon
Department of Consumer
& Business Services
Div. of Finance & Corp. Securities
350 Winter Street, NE
Room 410
Salem, OR 97301-3881
(503) 378-4387
(503) 947-7862 (Fax)

Pennsylvania
Securities Commission
Eastgate Office Building
1010 North 7th Street, 2nd Floor
Harrisburg, PA 17102-1410
(717) 787-8061
(717) 783-5122 (Fax)

Puerto Rico
Commission of Financial Institutions
1492 Ponce de Leon Avenue
Suite 600
San Juan, PR 00907
(787) 723-3131 ext. 2222

Rhode Island
Department of Business Regulation
Securities Division
1511 Pontiac Avenue
Cranston, RI 02920-4407
(401) 462-9588
(401) 462-9645 (Fax)

South Carolina
Office of the Attorney General
Securities Division
Rembert C. Dennis Office Building
1000 Assembly Street
Columbia, SC 29201
(803) 734-4731
(803) 734-0032 (Fax)

South Dakota
Department of Labor and Regulation
Division of Securities
124 South Euclid Suite 104
Pierre, SD 57501-2000
(605) 773-4823
(605) 773-5953 (Fax)

AGENTS FOR SERVICE OF PROCESS

Tennessee
Department of Commerce & Insurance
Securities Division
Davy Crockett Tower, Suite 680
500 James Robertson Parkway
Nashville, TN 37243-0575
(615) 741-2947
(615) 532-8375 (Fax)

Texas
State Securities Board
208 East 10th Street, 5th Floor
Austin, TX 78701
(512) 305-8300

U.S. Virgin Islands
Division of Banking and Insurance
18 Kongens Gade
Saint Thomas, VI 00802
(340) 774-7166

Utah
Department of Commerce
Division of Securities
160 East 300 South 2nd Floor
Salt Lake City, UT 84111
(801) 530-6600
(801) 530-6980 (Fax)

Vermont
Department of Banking, Insurance,
Securities & Health Care Administration
89 Main Street
Drawer 20
Montpelier, VT 05620-3101
(802) 828-3420
(802) 828-2896 (Fax)

Virginia
Clerk of the State of Corporation Commission
1300 East Main Street 1st Floor
Richmond, VA 23219
(804) 371-9733

Washington
Department of Financial Institutions
Securities Division
150 Israel Rd, SW
Tumwater, WA 98501
(360) 902-8760
(360) 902-0524 (Fax)

West Virginia
Office of the State Auditor
Securities Division
Building 1 Room W-100
Charleston, WV 25305-0230
(304) 558-2257
(877) 982-9148
(304) 558-4211 (Fax)

Wisconsin
Department of Financial Institutions
Division of Securities
345 W. Washington Avenue
4th Floor
Madison, WI 53703
(608) 266-1064
(608) 264-7979 (Fax)

Wyoming
Secretary of State
Securities Division
State Capitol, Room 109
200 W. 24th Street
Cheyenne, WY 82002-0020
(307) 777-7370
(307) 777-5339 (Fax)

EXHIBIT J

TO DISCLOSURE DOCUMENT

RECEIPTS

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.

The Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATES	EFFECTIVE DATE
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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 PERFORMANCE360 Franchise Group, 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 payment to, us or one of our affiliates in connection with the proposed franchise sale or grant.

New York and Rhode Island require that we provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale or grant, Michigan requires that we provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale or grant.

If PERFORMANCE360 Franchise Group, 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 or state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the state agency listed on Exhibit I. Our registered agents authorized to receive service of process are set forth on Exhibit I.

The franchise seller for this offering is:

Name	Principal Business Address	Telephone Number
David Thomas	4515 Gresham Street, San Diego, CA 92109	(619) 881-0132

Issuance Date: February 8, 2023

I acknowledge receiving this Franchise Disclosure Document dated _____, including the following Exhibits:

Exhibit A – Franchise Agreement and Attachments
Exhibit B –State Specific Appendix
Exhibit C – General Release (Sample Form)
Exhibit D – Financial Statements
Exhibit E – Operations Manual Table of Contents
Exhibit F – Area Development Agreement
Exhibit G – Compliance Questionnaire
Exhibit H – List of Current Franchisees and List of Former Franchisees
Exhibit I – List of State Administrators and List of Agents for Service of Process
Exhibit J – Receipts

Dated: _____	Dated: _____
_____	_____
Printed Name	Printed Name
_____	_____
Signed individually and as an officer of _____ (a Corporation) _____ (a Partnership) _____ (a Limited Liability Company)	Signed individually and as an officer of _____ (a Corporation) _____ (a Partnership) _____ (a Limited Liability Company)

[KEEP THIS PAGE FOR YOUR RECORDS]

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Dated: _____	Dated: _____
_____	_____
Printed Name	Printed Name
_____	_____
Signed individually and as an officer of _____ (a Corporation) _____ (a Partnership) _____ (a Limited Liability Company)	Signed individually and as an officer of _____ (a Corporation) _____ (a Partnership) _____ (a Limited Liability Company)

Please return this completed form to PERFORMANCE360 Franchise Group, LLC by
Email: bryan@perform-360.com or
Regular Mail: 4515 Gresham Street, San Diego, CA 92109 (619) 881-0132