FRANCHISE DISCLOSURE DOCUMENT

STRIDE

Stride Franchise SPV, LLC
a Delaware limited liability company
17877 Von Karman Ave., Suite 100
Irvine, CA 92614
(513) 815-8467
salesinfo@xponential.com
www.runwithstride.com

~~**FRANCHISE DISCLOSURE DOCUMENT**~~

STRIDE

~~**Stride Franchise, LLC**~~
~~**a Delaware limited liability company**~~
~~**17877 Von Karman Avenue, Suite 100**~~
~~**Irvine, CA 92614**~~
~~**(949) 490-5989**~~
~~franchising@stride.com~~
~~www.runwithstride.com~~

~~Stride Franchise, LLC ("we," "us," or "our") offers for sale a~~The franchise ~~to establish~~is the right to develop, own and operate, as part of the Stride® system, a fitness studio that ~~offers and~~ provides ~~indoor walking and~~ running ~~classes/instruction~~ and other ~~related~~specialized exercise classes ~~utilizing the then-current proprietary marks we designate, including our current mark STRIDE (collectively, the "Marks"), and system of business operations that we and/or certain of our affiliates have developed (each, a "~~using designated equipment. The total estimated investment necessary to begin operation of a single traditional studio is $379,990 to $554,690, which includes $119,640 that must be paid to franchisor or its affiliates. We may also grant to qualified existing franchisees a franchise to develop a studio within a third-party "big box" gym/fitness facility (a "Non-Traditional Studio").

The total investment necessary to begin operation~~s~~ of a ~~single franchised~~Non-Traditional Studio ~~ranges from~~is $~~372,412~~194,690 to $~~533,512. This amount~~334,190, which includes $~~141,798~~58,640 to $~~159,792~~128,640 that must be paid to ~~the~~ franchisor or its affiliates~~ prior to opening~~.

~~The total investment necessary to develop multiple Studios under our form of~~You and we may also enter into an area development agreement ~~depends on the~~under which you would agree to acquire an agreed upon number of franchises ~~we grant you the right to open, which in all cases will be three (3) or more under this Disclosure Document~~and open an agreed upon number of studios within a designated development area and pursuant to an agreed upon opening schedule. The total investment necessary to enter into an area development agreement for the right to develop three ~~(3)~~ Studios ~~is~~ranges from $~~447,412~~454,990 to $~~608,512~~629,690, which includes (a) ~~a development fee of $135,000 that is paid to us or our affiliates prior to opening, and (b)~~ the total estimated initial investment to begin operation of your initial Studio~~. The Development Fee is calculated as follows: (i) $45,000 per Franchised Business if we award you the right to develop between three (3) and five (5) Franchised Businesses; and (ii) $40,000 per Franchised Business if we award you the right to develop between six (6) and nine (9) Franchised Businesses; and (iii) $35,000 per Franchised Business if we award you the right to develop between 10 or more Franchised Businesses.~~ from a traditional site and (b) a development fee of $135,000 which must be paid to us.

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

You may wish to receive your ~~D~~disclosure ~~D~~document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact ~~our President,~~ Jeff Stokes~~,~~ at Stride Franchise SPV, LLC, 17877 Von Karman Ave., Suite 100, Irvine, ~~CA~~California 92614, and at (~~949~~513) ~~490-5989~~815-8467.

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 accountant.

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

ISSUANCE DATE: April 4, 2023

~~**THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS: APRIL 1, 2022**~~

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 Exhibits ~~H~~I and J.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C 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 Stride business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchise have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Stride franchisee?	Item 20 or Exhibits ~~H~~I and J list~~s~~ current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About This Franchise

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

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

2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

4. **Sales Performance Required**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

THE FOLLOWING APPLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

Michigan Attorney General's Office
Consumer Protection Division
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
Telephone Number: 517-373-7117

Note: Despite subparagraph (f) above, we intend, and we and you agree to fully enforce the arbitration provisions of the franchise agreement and the area development agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions. You acknowledge that we will seek to enforce this section as written.

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

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EXHIBITS

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

To simplify the language, this disclosure document uses "we," "us," "our," "Franchisor" or "Stride" to mean Stride Franchise SPV, LLC, the franchisor. "You" means the person, corporation, partnership or other entity that buys the franchise and those of your owners who personally assume and guaranty performance of your obligations under your agreements with us. Terms used but not defined in this Disclosure Document (including various capitalized terms) ~~are defined~~have the meanings given to them in the Franchise Agreement attached as Exhibit A-1 to this Disclosure Document (the "Franchise Agreement").

Franchisor

We do business under the name Stride Franchise SPV, LLC, or in some cases, simply as "Stride." We do not do business under any other name. Our principal business address is 17877 Von Karman Ave., Suite 100, Irvine, CA 92614, and our business phone number is (~~949~~513) ~~490-5989~~815-8467. We are a Delaware limited liability company formed on ~~December 18~~March 6, ~~2018~~2023.

Except as provided in this Item, we have not and do not offer franchises in any other line of business and we have not otherwise been involved in other substantive business activity.

Predecessors and Internal Reorganization

~~We do not directly own or operate any Studios similar to the franchise being offered in this Disclosure Document. We commenced offering and selling franchises as of February 2019.~~

From February 2019 through March 2023, franchises for Stride-branded studios ("Studios") were offered by our predecessor (and affiliate), Stride Franchise, LLC ("Predecessor"). Predecessor has temporarily operated Studios in connection with the reacquisition of Studios from franchisees for purposes of resale to new franchisees. To facilitate the possibility of future funding and financing opportunities (each a "Financing Opportunity") for our parent entities which, through their subsidiaries, own and grant franchises for ten (10) different brands, we and our affiliates engaged in an internal reorganization, effective March 15, 2023 (the "Reorganization"), pursuant to which we acquired from Predecessor, and currently own, the Marks (defined below) and other intellectual property related to the development and operation of Studios and the Stride System. The Franchise Agreements, Area Development Agreements, and certain other agreements related to Studios that were signed by Predecessor before the Reorganization remain with Predecessor as of the date of this Disclosure Document. We will be the franchisor under all Franchise Agreements, Area Development Agreements, and certain other agreements related to Studios that are executed from and after April 4, 2023 (the issuance date of this Disclosure Document and the date on which we began offering and selling franchises).

Parents and Potential Financing Opportunity

~~We do not offer, and have not previously offered, franchises in any other line of business. Except as provided in this Disclosure Document, we are not involved in the conducting of any other substantive business activities.~~

As part of the Reorganization, our direct parent, XPOF Assetco, LLC ("Assetco"), was created. As described in Item 21 of this Disclosure Document, Assetco guarantees our obligations as franchisor. Assetco's current direct parent is Xponential Fitness, LLC ("Xponential"). Xponential, via an intermediate holding company, is controlled by Xponential Fitness, Inc. ("XFI"), which is a publicly traded company listed on the New York Stock Exchange under the symbol "XPOF." We anticipate that, if a Financing Opportunity occurs, it would be conducted by newly created indirect parents (immediately upstream of Assetco) and that our and Assetco's only involvement in the Financing Opportunity would be to guarantee the obligations of our newly created indirect parents who are involved in the transaction. We expect that guarantee would cause the leverage ratio of debt to "Adjusted EBITDA" of Xponential and its subsidiaries (including us) to increase in an amount not determinable unless and until the details of the Financing Opportunity are determined. "Adjusted EBITDA" means EBITDA (net income/loss before interest, taxes, depreciation and amortization), adjusted for the impact of certain non-cash and other items that we do not consider in our evaluation of ongoing operating performance. Additionally, if a Financing Opportunity occurs, all of the then-existing Franchise Agreements, Area Development Agreements, and certain other agreements related to Studios will be simultaneously assigned from Predecessor to us.

~~**Parent(s) and Predecessor(s)**~~

~~Xponential Fitness, LLC ("Xponential") is our direct parent company. Xponential is a Delaware limited liability company with a principal business address at 17877 Von Karman Avenue, Suite 100, Irvine, California 92614. Xponential, via an intermediate holding company, is controlled by Xponential Fitness, Inc., a Delaware corporation that is publicly traded and listed on the New York Stock Exchange with the same principal business address as Xponential. As of the Issue Date, please note that none of these parent entities: (i) provide products or services to our franchisees directly; or (ii) have directly offered or sold franchises in any line of business.~~

Affiliates

Currently, there are 10 brands within the portfolio of brands owned and franchised by subsidiaries of Xponential: AKT®, BFT®, Club Pilates®, CycleBar®, Pure Barre®, Row House®, Rumble®, Stretch Lab®, Stride® and Yoga Six® (collectively, the "Xponential Brands").

Our affiliate, ~~CycleBar~~AKT Franchis~~inge~~ SPV, LLC ("~~CBF~~AKT SPV"), ~~an Ohio~~a Delaware limited liability company~~ with a principal business address of 299 E 6th St., Floor 1, Cincinnati, Ohio 45202, franchises indoor cycling studios under the CYCLEBAR® marks. CBF began franchising CYCLEBAR studios in January 2015~~, has offered franchises for fitness studios that provide indoor fitness classes/instruction through a combination of circuit training, dance cardio, Pilates, and yoga under the AKT® trademark ("AKT Studios") since April 2023. Our affiliate, and predecessor to AKT SPV, AKT Franchise, LLC ("AKT"), a Delaware limited liability company, previously offered franchises for AKT Studios from July 2018 through March 2023. While AKT SPV is the current franchisor of AKT Studios, AKT remains the franchisor under those franchise agreements and area development agreements for AKT Studios as of the date of this Disclosure Document. As of December 31, ~~2021~~2022, there were ~~234~~26 franchised ~~CYCLEBAR~~AKT ~~s~~Studios in operation.~~ As of the Issue Date, CBF's parent, CycleBar Holdco, LLC, guarantees our obligations to System franchisees with respect to the franchise and/or development agreement that such franchisees enter into with us, and a copy of this guaranty is attached to this Disclosure Document as Exhibit C-2.~~

Our affiliate, ~~CycleBar Canada~~BFT Franchis~~inge~~ SPV, LLC ("~~CycleBar Canada"), a British Columbia~~BFT SPV"), a Delaware ~~un~~limited liability company~~ with a registered office at 2200 HSBC Building, 885 West Georgia Street, Vancouver, BC V6C 3E8, offers CYCLEBAR franchises in Canada. Our affiliate, CycleBar International Inc. ("CycleBar International") an Ohio corporation with a principal business address of 299 E 6th St., Floor 1, Cincinnati, OH 45202 offers CYCLEBAR franchises in other international territories. CycleBar Canada has offered franchises in Canada since August 2015, and CycleBar International has offered franchises outside the United States since February 2016.~~, has offered franchises for fitness studios that offer and provide functional, group training fitness instruction and related services under the BFT® trademark ("BFT Studios") since April 2023. Our affiliate, and predecessor to BFT SPV, BFT Franchise Holdings, LLC ("BFT"), a Delaware limited liability company, previously offered franchises for BFT Studios from January 2022 through March 2023. While BFT SPV is the current franchisor of BFT Studios, BFT remains the franchisor under those franchise agreements and area development agreements for BFT Studios as of the date of this Disclosure Document. As of December 31, 2022, there were two franchised BFT Studios in operation.

Our affiliate, Club Pilates Franchise SPV, LLC ("CP ~~Franchising~~SPV"), a Delaware limited liability company~~ with a principal business address at 17877 Von Karman Ave., Suite 100, Irvine, California 92614,~~, has offered franchises for fitness studios that provide Pilates and other exercise classes under the CLUB PILATES® ~~marks. CP~~trademark ("Club Pilates Studios") since April 2023. Our affiliate, and predecessor to CP SPV, Club Pilates Franchis~~inge began~~, LLC ("CP"), a Delaware limited liability company, previously offer~~ing~~ed franchises ~~in March 2015 and, as~~for Club Pilates Studios from March 2015 through March 2023. While CP SPV is the current franchisor of Club Pilates Studios, CP remains the franchisor under those franchise agreements and area development agreements for Club Pilates Studios as of the date of this Disclosure Document. As of December 31, ~~2021~~2022, there were ~~667~~756 franchised ~~CLUB PILATES~~Club Pilates ~~s~~Studios in operation.

Our affiliate, ~~AKT~~CycleBar Franchis~~e~~ing SPV, LLC ("~~AKT Franchising~~CB SPV"), a Delaware limited liability company~~ with a principal business address at 17877 Von Karman Ave., Suite 100, Irvine, California 92614, franchises fitness studios that provide indoor fitness classes/instruction through a combination of circuit training, dance cardio, Pilates, and yoga under the AKT® marks. AKT Franchising began franchising at some point in July 2018~~, has offered franchises for indoor cycling studios under the CYCLEBAR® trademark ("CycleBar Studios") since April 2023. Our affiliate, and predecessor to CB SPV, CycleBar Franchising, LLC ("CB"), an Ohio limited liability company, previously offered franchises for CycleBar Studios from January 2015 through March 2023. While CB SPV is the current franchisor of CycleBar Studios, CB remains the franchisor under those franchise agreements and area development agreements for CycleBar Studios as of the date of this Disclosure Document. As of December 31, ~~2021~~2022, there were ~~24~~257 franchised ~~AKT~~CycleBar ~~s~~Studios ~~actively open and providing classes~~in operation.

Our affiliate, PB Franchising SPV, LLC ("PB ~~Franchising~~SPV"), a Delaware limited liability company ~~with a principal business address at 17877 Von Karman Ave., Suite 100, Irvine, California 92614,~~, has offered franchises for fitness studios that provide indoor fitness classes/instruction through a combination of Pilates, weights and ballet, including using a ballet barre, under the PURE BARRE~~ marks. PB Franchising commenced franchising as the franchising arm of the brand in October 2012 and, as~~® trademark ("Pure Barre Studios") since April 2023. Our affiliate, and predecessor to PB SPV, PB Franchising, LLC ("PB"), a Delaware limited liability company, previously offered franchises for Pure Barre Studios from 2012 through March 2023. While PB SPV is the current franchisor of Pure Barre Studios, PB remains the franchisor under those franchise agreements and area development agreements for Pure Barre Studios as of the date of this Disclosure Document. As of December 31, ~~2021~~2022, there were ~~603~~618 franchised ~~PURE BARRE~~Pure Barre ~~s~~Studios ~~actively open and providing classes~~in operation.

Our affiliate, Row House Franchise SPV, LLC ("~~Row House Franchise~~RH SPV"), a Delaware limited liability company~~ with a principal business address at 17877 Von Karman Ave., Suite 100, Irvine, California 92614,~~, has offered franchises for fitness studios that offer rowing and free weight exercise ~~classes~~instruction under the ROW HOUSE® ~~marks.~~trademark ("Row House Studios") since April 2023. Our affiliate, and predecessor to RH SPV, Row House Franchise~~ began franchising ROW HOUSE studios at some point in early 2018~~, LLC ("RH"), a Delaware limited liability company, previously offered franchises for Row House Studios from December 2017 through March 2023. While RH SPV is the current franchisor of Row House Studios, RH remains the franchisor under those franchise agreements and area development agreements for Row House Studios as of the date of this Disclosure Document. As of December 31, ~~2021~~2022, there were ~~81~~82 franchised ~~ROW HOUSE~~Row House ~~s~~Studios ~~actively open and providing services~~in operation.

Our affiliate, Rumble Franchise SPV, LLC ("RF SPV"), a Delaware limited liability company, has offered franchises for fitness studios that offer and provide boxing classes/instruction and other related exercise classes under the RUMBLE® trademark (“Rumble Studios”) since April 2023. Our affiliate, and predecessor to RF SPV, Rumble Franchise, LLC (“RF”), a Delaware limited liability company, previously offered franchises for Rumble Studios from March 2021 through March 2023. While RF SPV is the current franchisor of Rumble Studios, RF remains the franchisor under those franchise agreements and area development agreements for Rumble Studios as of the date of this Disclosure Document. As of December 31, 2022, there were 35 franchised Rumble Studios in operation.

Our affiliate, Stretch Lab Franchise SPV, LLC (“SL ~~Franchising~~SPV”), a Delaware limited liability company~~ with a principal business address of 17877 Von Karman Ave., Suite 100, Irvine, California 92614,~~, has offered franchises for fitness studios that provide stretching classes in both private and group formats, related therapy activities and, if approved, a proprietary “flexologist” training programs under the STRETCH LAB® ~~mark. SL~~trademark (“Stretch Lab Studios”) since April 2023. Our affiliate, and predecessor to SL SPV, Stretch Lab Franchis~~ing~~e~~ began~~, LLC (“SL”), a Delaware limited liability company, previously offer~~ing~~ed franchises for ~~STRETCH LAB~~Stretch Lab Studios ~~in late~~from December 2017 through March 2023. While SL SPV is the current franchisor of Stretch Lab Studios, SL remains the franchisor under those franchise agreements and area development agreements for Stretch Lab Studios as of the date of this Disclosure Document. As of December 31, ~~2021~~2022, there were ~~148~~283 franchised ~~STRETCH LAB~~Stretch Lab Studios in operation.

Our affiliate, Yoga Six Franchise SPV, LLC (“~~Y6 Franchising~~YS SPV”), a Delaware limited liability company~~ with a principal business address of 17877 Von Karman Ave., Suite 100, Irvine, California 92614,~~, has offered franchises for fitness studios that offer and provide indoor yoga classes/instruction and other related exercise classes under the YOGA SIX® ~~marks. Y6 Franchising began offering franchises for YOGA SIX studios in September 2018. As of December 31, 2021, there were 125 YOGA SIX studios actively open and providing classes.~~

trademark (“Yoga Six Studios”) since April 2023. Our affiliate, ~~Rumble~~and predecessor to YS SPF, Yoga Six Franchise, LLC (“~~Rumble Franchise~~YS”), a Delaware limited liability company~~ with a principal business address of 17877 Von Karman Ave., Suite 100, Irvine, California 92614, franchises fitness studios that offer and provide boxing classes/instruction and other related exercise classes under the RUMBLE® marks. Rumble Franchise began offering franchises for RUMBLE studios in March 2021~~, previously offered franchises for Yoga Six Studios from September 2018 through March 2023. While YS SPV is the current franchisor of Yoga Six Studios, YS remains the franchisor under those franchise agreements and area development agreements for Yoga Six Studios as of the date of this Disclosure Document. As of December 31, ~~2021~~2022, there were ~~14 RUMBLE~~167 franchised Yoga Six Studios ~~actively open and providing classes~~in operation.

Since 2018, our affiliate, Xponential Fitness Brands International, LLC (“XFB International”), a Delaware limited liability company, has offered master franchises and unit franchises outside the United States for Studios and for fitness studios developed and operated under the various other Xponential Brands, with agreements currently affecting various Xponential Brands in Australia, Austria, Dominican Republic, Germany, Japan, Korea, Kuwait, Mexico, New Zealand, Portugal, Singapore, Spain, and the United Kingdom. XFB International has never owned or operated a Studio or offered franchises for Studios in the United States.

Our affiliate, CycleBar Canada Franchising, LLC (“CycleBar Canada”), a British Columbia unlimited liability company, offers franchises for CycleBar Studios in Canada. CycleBar Canada began offering franchises for CycleBar Studios in Canada in August 2015. CycleBar Canada has never owned or operated a Studio nor offered franchises for Studios in the United States.

Our affiliate, ~~BFT Franchise Holdings~~Xponential Gift Cards, LLC (“~~BFT Franchise~~XGC”), a ~~Delaware~~California limited liability company~~ with a principal business address of 17877 Von Karman Ave., Suite 100, Irvine, California 92614, franchises fitness studios that offer and provide functional, group training fitness instruction and related services under the BFT® marks. BFT Franchise began offering franchises for BFT studios~~

~~in January 2022; however, its predecessor began offering franchises for BFT studios in 2020. As of December 31, 2021, there were 2 BFT franchised Studios actively open and providing classes.~~, manages the branded gift card programs for various Xponential Brands. XGC has never owned or operated a Studio or offered franchises for Studios.

All of the entities referenced in this Item 1 share our principal business address, except that CycleBar Canada has a registered office at 2200 HSBC Building, 885 West Georgia Street, Vancouver, BC V6C 3E8 Canada. Neither we nor any other entity described in this Item 1 has owned or operated a Studio or offered franchises in this or any other line of business except as specifically described in this Item 1. We have no other predecessors, parents or affiliates that are required to be disclosed in this Item 1.

For purposes of this Disclosure Document, AKT SPV, BFT SPV, CB SPV, CP SPV, PB SPV, RH SPV, RF SPV, SL SPV, and YS SPV are together referred to as the "Affiliate SPV Franchisors," and AKT, BFT, CB, CP, PB, RH, RF, SL, and YS are together referred to as the "Affiliate Prior Franchisors."

~~We have three other affiliates that previously offered franchises outside the fitness space, but those affiliates do not require disclosure in this Item because they ceased offering franchises in 2019 and do not have plans in place to resume offering franchises in our next fiscal year.~~

~~Except as disclosed above, we do not have any affiliates that offer franchises or licenses in any line of business or any other affiliates that require disclosure in this Item.~~

Agent for Service of Process

Our agents for service of process are disclosed in Exhibit B.

The Franchise~~d~~ ~~Business~~ We Offer

Traditional Studio

We offer ~~and award franchises for the right to independently own and~~for sale a franchise to operate a Studio ~~utilizing the Marks and "System" described below~~at a specific location (each~~,~~ a "Franchise~~d Business~~") pursuant to the terms of our ~~then-current~~ form of franchise agreement ~~(the "Franchise Agreement"). Our current form of Franchise Agreement is~~ attached to this Disclosure Document as Exhibit A~~.~~

-1 (the "Franchise Agreement"). We expect that ~~a~~all Studios will typically ~~be~~operate from a commercial space of approximately 2,000 square feet as a stand alone locat~~ed~~ion ~~in~~or within a retail shopping center~~, and this franchise offering assumes that the size of a typical Studio will be at least around 2,000 square feet in size~~. We may, however, consider alternative sites, on a case-by-case basis.~~ Under the Franchise Agreement, we will also grant you the right to operate your Franchised Business within a designated geographical area wherein you will also be permitted and required to actively promote the Franchised Business and solicit new clientele (the "Designated Territory"). Studios enter into agreements with prospective or existing clientele whereby the clientele is afforded certain access to the Studio and Approved Services provided via the Studio in consideration for a monthly membership fee that is collected from such Studios' members on a recurring basis via EFT or other method.~~

~~If you own an existing fitness facility and meet our other qualifications, you may convert your existing business to a Studio. A converted Studio will likely encounter lower investment requirements than those of a start-up Studio, but we will only approve a conversion if it is completed in accordance with our then-current System Standards (as defined below).~~

If you are granted a Franchise, you must operate your Studio at a location that we approve (the "Authorized Location"). You must sign the Franchise Agreement to be granted a Franchise for your Studio. If you are a legal entity, such as a limited liability company, partnership, or corporation, each person who directly or indirectly owns a 10% or greater ownership in you (each, a "Guarantor") must sign and deliver to us our then-current form of Guarantee, Indemnification, and Acknowledgment (a "Guaranty"), and one of your Guarantors must be designated as an Operating Principal, who has the authority communicate with us and otherwise act on your behalf in all matters relating to your Studio.

~~The~~Each Studio offers indoor running and walking classes through live instructional group and individual classes, including proprietary and/or other branded classes we have developed and currently offer to target and accommodate all skill levels, as we periodically designate and authorize (collectively, the "Approved Services"). Studios are established and operated under a comprehensive design that includes spacious interior, ~~treadmills~~a significant number of exercise equipment/apparatuses, specifications, and procedures for operations; quality customer service; management and financial control; training and assistance; and advertising and promotional programs (~~collectively, the~~which we call our "System"). The System's standards, specifications and procedures (collectively, the "System Standards") are described in our confidential operations manual (the "Manual"). The System and the Manual~~ may be changed, improved~~, and their various components, may be modified, discontinued, and further developed ~~by us~~in our discretion.

~~*Approved Services and Approved Products*~~

~~Each Studio will offer and provide indoor running and walking classes through live instructional group and individual classes designed to target and accommodate different skill levels, as we designate or otherwise authorize from time to time (collectively, the "Classes"); and (ii) any other services that we develop, designate and/or otherwise authorize (collectively, the "Approved Services"). Typically, all classes and other Approved Services will be paid for and scheduled online via the Internet. You will also be authorized and required to offer and sell certain apparel, merchandise, beverages and other retail items and products that we designate or otherwise approve (collectively, the "Approved Products").~~

~~*Authorized Instructor(s) and Corresponding Requirements*~~

~~The Classes and certain other Approved Services may only be provided by an individual that has: (i) acquired a/an (a) NASM Personal Training Certified, or (b) ACSM Personal Training Certification, from the appropriate third-party certification agency (the "Required Third-Party Certification"); and (ii) also completed the appropriate portion(s) of our proprietary initial training regarding the provision of the Approved Services at a given Studio in accordance with our then-current System Standards, specifications and equipment (the "Authorized Coach Training").~~

Your Studio must ~~have~~engage at least one individual that ~~has both (a) acquired the Required Third-Party Certification, and (b) completed the Authorized Coach Training (collectively, ~~is capable of and authorized to provide running instruction and other Approved Services at all times (an "Authorized Coach")~~ on-site~~. To be an Authorized Coach, the individual must: (i) attend and complete a proprietary training program designed to provide individuals with guidelines and information on how to provide the Approved Services ~~at your Studio at all times it is open and operating. ~~in accordance with our current System Standards (the "Authorized Coach Training Program"); and (ii) maintain either (a) NASM Personal Training Certification or (b) ACSM Personal Training Certification.

~~Our standard franchise offering assumes that any individual you engage to serve as an Authorized Coach will already have the Required Third-Party Certification. We may set forth additional third-party certifications and/or training courses that we recommend your Authorized Coaches complete and/or participate in before or after they engage in the provision of Approved Services at your Studio. We may also adjust or even waive certain components or testing associated with our typical Authorized Coach Training for a given coach at your Studio if that coach demonstrates significant experience and/or prior training/education with regards to indoor running and/or the related equipment.~~

Non-Traditional Studio

~~You or your contemplated coach will be required to pay us our then-current tuition for that individual to attend the Authorized Coach Training (the "Coach Training Tuition"). As of the Issue Date, we expect and intend that your initial coaches will attend and complete the Authorized Coach Training at one (1) of our affiliate-owned Studios prior to you opening your franchised Studio.~~

As acceptable sites arise within our existing franchisees' territories, we may also offer those franchisees who are in compliance with their existing agreements and who demonstrate to our satisfaction that they are able to develop and operate additional Studios a Franchise to operate an additional Studio from a Non-Traditional Site. A "Non-Traditional Site" is any location that is situated within or as part of a larger venue or facility and, as a result, is likely to draw the predominance of its customers from those persons who are using or attending events in the larger venue or facility (for example, "big box" gyms and/or fitness facilities, cruise ships, military bases, shopping malls, airports, sports facilities and stadiums, industrial or office complexes, hotels, train stations and other transportation facilities, travel plazas, casinos, hospitals, theme parks, convention centers, colleges/universities, multi-unit residential properties, and other similar captive market locations**)**. If you are granted such a Franchise, in addition to the execution of the Franchise Agreement (and Guaranty, as applicable), you must also sign and deliver our Non-Traditional Site Addendum, attached to this Disclosure Document as Exhibit A-2 (the "Non-Traditional Site Addendum").

Area Development Rights

~~*Master Trainers and Provision of Authorized Coach Training*~~

~~With that said, we may authorize you or other System franchisees to provide the Authorized Coach Training as part of the Approved Services from your Studio, provided: (i) you have an Authorized Coach that completes additional training that we determine appropriate to become a "Master Trainer" that is eligible to provide the Authorized Coach Training from a franchised Studio; and (ii) you are otherwise in compliance with your obligations under your Franchise Agreement. Once a franchised Studio has a Master Trainer and is otherwise authorized by us in writing to provide the Authorized Coach Training, that Master Trainer can provide Authorized Coach Training to (a) potential coaches of any other franchised Studio that wishes to become an Authorized Coach, or (b) any other clients of that Studio (or other Studio) that wish to attend the Authorized Coach Training at that Studio (subject to any restrictions you have on recruiting and/or soliciting any such clients that are located outside your Designated Territory, to the extent permitted under applicable law where the Franchised Business is located). Regardless of whether the Authorized Coach Training is provided at a franchised or affiliate-owned Studio, the Coach Training Tuition will be paid directly to us and, if and as appropriate, we will remit then-appropriate portion of that Coach Training Tuition to the owner of the franchised Studio that provided the instruction.~~

~~*Owner/Operator Module*~~

~~Prior to opening your Franchised Business, you must ensure that: (i) you (or, if you are an entity, one of your Designated Operators) complete at least the owner/operator module of our initial training program (the "Owner/Operator Module"); and (ii) the individual(s) you expect to provide classes and other Approved Services at your Studio each attend and complete the Authorized Coach Training so that at least one (1) Authorized Coach is scheduled to be on-site at all times your Franchised Business is open.~~

~~The Franchise Agreement is signed by us, by you, and by those of your principals whom we designate as the principal franchisee-operator(s) (the "Designated Operator(s)") of your Franchised Business. The Designated Operator(s) (there may be up to two such individuals, but only one address to which we communicate in regards to the franchise) named has the authority to act for you in all matters relating to the Stride Franchise, including voting responsibilities. By signing the Franchise Agreement, you and the Designated Operator(s) agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise~~

~~Agreement. Depending on the type of business activities, which must be fully disclosed prior to signing this document, in which you or your Designated Operator(s) may be involved, we may require you or your Designated Operator(s) to sign additional confidentiality and non-competition agreements.~~

~~Multi-Unit Offering~~

We also offer qualified individuals and entities the right to ~~open and operate~~acquire multiple Franchise~~d~~s ~~Businesses~~(the "Development Rights") within a designated geographical area (the "Development Area") under our current form of area development agreement~~ that~~, which is attached to this Disclosure Document as Exhibit ~~I~~K (the "Development Agreement")~~, which will also outline a~~. The Development Agreement will provide a designated schedule ~~or defined period of time~~ in which you (or your affiliates) must acquire Franchises and open and ~~commence~~ operat~~ing~~e ~~each Franchised Business~~the designated number of Studios (a "Development Schedule"). Currently, Studios to be located at Non-Traditional Sites will not count towards the Development Schedule.

~~You will be required to sign a~~For each Franchise ~~Agreement for the initial Franchised Business we grant you the right to open within~~you acquire pursuant to the Development ~~Area at the same time you sign your Development~~ Agreement, ~~and~~ you (or your affiliate) will ~~need to~~ sign our then-current form of ~~franchise agreement for each of the~~ Franchise~~d~~ ~~Businesses~~Agreement. When you ~~open under~~sign the Development ~~Schedule, which may differ from the current franchise agreement included with~~Agreement, you will also sign your 1st Franchise Agreement in the form attached to this Disclosure Document~~.~~ as Exhibit A-1. Each subsequent Franchise Agreement you sign will be our then-current form, and it might contain terms that are materially different than those found in our current form, including with respect to fees.

You will be required to pay us a one-time development fee that will be calculated based on the number of ~~Franchised Businesses we grant you the right to open~~Studios you commit to develop under the Development Agreement (the "Development Fee"), but you will not be required to pay any other initial franchise fee at the time you execute your franchise agreements for each Franchise~~d~~ ~~Business~~ we ~~permit~~grant to you ~~to open under~~or your affiliates pursuant to the Development Agreement.

Market and Competition

The market for fitness services and studios is crowded. You will face competition for members from gyms, personal trainers, fitness/exercise centers and studios, health clubs, yoga and Pilates studios and even other System franchisees ~~(subject to the territorial protections and restrictions set forth in Item 12). The market for the Approved Services does not fluctuate seasonally.~~.

~~Applicable~~Laws, Rules, and Regulations

Some states require that health/fitness facilities have a staff person available during all hours of operation that is certified in basic cardiopulmonary resuscitation or other specialized medical training. Some state or local laws may also require that health/fitness facilities have an automated external defibrillator and/or other first aid equipment on the premises. At a minimum, your Studio will be subject to various federal, state and local laws, and regulations affecting the business, including laws relating to zoning, access for the disabled, and safety and fire standards. You may need the local fire marshals or other local, state or federal agency's permission before you begin operations. In addition, there may be local licensing and employment regulations, including worker's compensation insurance requirements.

You will be solely responsible for ensuring you acquire and maintain any specific licenses, permits, authorizations or otherwise that ~~me~~may be required to operate your Studio under the applicable laws of where your Studio is located. Among other things, you will need to ensure that all music played by you or your

Authorized ~~Instructors at the~~Coaches at your Studio is properly licensed for use in connection with the provision of the Approved Service~~s~~, or~~,~~ if permitted by us, any other purpose.

If you acquire the right to own and operate a Studio from a Non-Traditional Site, then you will need to ensure that you comply with all regulations related to operating and providing the Approved Services and Approved Products from the Non-Traditional Site at issue.

~~You should examine the laws and regulations described above and confirm you will be able to operate your Studio in compliance with the same before purchasing a franchise.~~

~~You should consult with your attorney, and local and state agencies/authorities, before buying a franchise to determine if there are any specific regulations you must comply with as it relates to offering the Studio products and services to consumers in your state, and consider the effects on you and the cost of compliance. These requirements can affect a broad scope of your operations, including location selection, and hiring of personnel, among other things. It is your sole responsibility to investigate any regulations in your area, including those related to the establishment and operation of a Studio generally.~~

ITEM 2~~ITEM 2~~

BUSINESS EXPERIENCE

Jeffrey Stokes: Brand President

Mr. Stokes has served as our Brand President since March 2023. He has also served as our Predecessor's Brand President since April 2019. Prior to that time, Mr. Stokes served as Senior Vice President for The Fitness & Lifestyle Group (Australia) for their HPOXI North America division, located in Scottsdale, Arizona, from November 2014 through April 2019.

~~**Megan Moen: Executive Vice President of Finance**~~

~~Ms. Moen has served as our Executive Vice President of Finance since January 2019. Ms. Moen has also served as the Executive Vice President of Finance for: (i) AKT Franchise, LLC, since March 2018; (ii) Club Pilates Franchise, LLC, since January 2016; (iii) CycleBar Franchising, LLC, since September 2017; (iv) PB Franchising, LLC, since November 2018; (v) Row House Franchise, LLC, since December 2017; (vi) Rumble Franchise, LLC, since March 2021; (vii) Stretch Lab Franchise, LLC, since March 2021; (viii) Yoga Six Franchise, LLC, since March 2021. Ms. Moen has also served as the Executive Vice President of Finance of our parent, Xponential Fitness, since August 2017.~~

Ryan Junk: Chief Operating Officer

Since March 2023, Mr. Junk has served as our Chief Operating Officer ~~since March 2021.~~and the Chief Operating Officer of Assetco and each of the Affiliate SPV Franchisors. Since March 2021, Mr. Junk has also served as the Chief Operating Officer of each of the Affiliate Prior Franchisors, except BFT. Since July 2020, Mr. Junk has also served as Xponential's Chief Operating Officer. From November 2017 to June 2020, Mr. Junk served as the President of CB. Since June 2016, Mr. Junk has also served as a Consultant and Owner ~~for~~of R.L.J. Consulting Group, LLC in Redondo Beach, California. ~~Mr. Junk has also served as the COO of the following affiliates since March 2021: (i) AKT Franchise, LLC ("AKT"); (ii) Club Pilates Franchise, LLC ("CP"); (iii) CycleBar Franchising, LLC ("CB"); (iv) PB Franchising, LLC ("PB"); (v) Row House Franchise, LLC ("RH"); (vi) Rumble Franchise, LLC ("Rumble"); (vii) Stretch Lab Franchise, LLC ("SL"); and (viii) Yoga Six Franchise, LLC ("Y6"). He has also served as the COO for Xponential Fitness, LLC since July 2020. From November 2017 to June 2020, Mr. Junk served as President of CB. From June 2017 to November 2017, Mr. Junk served as the President of UFC Gym in Santa Ana, California.~~

Sarah Luna: President ~~**(Xponential Fitness, LLC)**~~

Since March 2023, Ms. Luna has served as our President and the President of Assetco and each of the Affiliate SPV Franchisors. ~~s~~Since March 2021~~. Ms. Luna has also served as Founder of Pilates by Sarah since January 2012.~~, Ms. Luna has also served as the President of each of the ~~following a~~Affiliate~~s since March 2021: (i) AKT Franchise, LLC (“AKT”); (ii) Club Pilates Franchise, LLC (“CP”); (iii) CycleBar Franchising, LLC (“CB”); (iv) PB Franchising, LLC (“PB”); (v) Row House Franchise, LLC (“RH”); (vi) Rumble Franchise, LLC (“Rumble”); (vii) Stretch Lab Franchise, LLC (“SL”); and (viii) Yoga Six Franchise, LLC (“Y6”).~~Prior Franchisors, except BFT. Since January 2021, Ms. Luna has also served as ~~the~~Xponential’s President~~ of our parent, Xponential Fitness, LLC, since January 2021. Previously, Ms. Luna was Brand President of PB~~. ~~f~~From October 2018 to January 2021~~. Prior to that time~~, Ms. Luna ~~was Senior Vice~~served as the Brand President of ~~CP~~PB, and from July 2017 to October 2018, ~~and National Sales Director for CP from July 2015 to June 2017~~Ms. Luna served as CP’s Senior Vice President.

John Meloun: Chief Financial Officer

Since March 2023, Mr. Meloun has ~~been~~served as our Chief Financial Officer ~~since March 2021~~and the Chief Financial Officer of Assetco and each of the Affiliate SPV Franchisors. Mr. Meloun has also served as the Chief Financial Officer for~~: (i)~~ AKT~~ Franchise~~, ~~LLC~~CB, and PB (each since October 2018~~; (ii) Club Pilates Franchise, LLC, since March 2021; (iii) CycleBar Franchising, LLC, since October 2018; (iv) PB Franchising, LLC, since October 2018; (v) Row House Franchise, LLC, since March 2021; (vi) Rumble Franchise, LLC, since March 2021; (vii) Stretch Lab Franchise, LLC, since March 2021; and (viii) Yoga Six Franchise, LLC, since March 2021~~), and RH, RF, SL, SF, and YS (each since March 2021). Mr. Meloun has also served as Xponential’s Chief Financial Officer ~~for Xponential Fitness, LLC, located in Irvine, California,~~ since July 2018. ~~Prior to that time~~ From March 2015 to June 2018, Mr. Meloun was the Chief Financial Officer for The Joint Corp., ~~located~~based in Scottsdale, Arizona~~, from March 2015 to June 2018~~.

Andrew Hagopian: Chief Legal Officer

Since March 2023, Mr. Hagopian has served as our Chief Legal Officer and the Chief Legal Officer of Assetco and each of the Affiliate SPV Franchisors. Since March 2023, Mr. Hagopian has also served as the Chief Legal Officer of Xponential. From June 2022 to February 2023, Mr. Hagopian served as General Counsel of Newlight Technologies, Inc., based in Huntington Beach, California. From January 2021 to June 2022, Mr. Hagopian served as General Counsel for BetMGM, based in Las Vegas, Nevada. From December 2016 to December 2020, Mr. Hagopian served as Chief Corporate Counsel for MGM Resorts International, based in Las Vegas, Nevada.

ITEM 3~~ITEM 3~~
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4~~ITEM 4~~
BANKRUPTCY

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

ITEM 5~~ITEM 5~~
INITIAL FEES

Franchise Agreement

Initial Franchise Fee

You must pay to us ~~and~~a lump sum initial franchise fee of $60,000 (the "Initial Franchise Fee") to establish a single Studio under a Franchise Agreement~~ (whether a start-up or conversion)~~. The Initial Franchise Fee is ~~a lump sum payment ~~due upon the signing of the Franchise Agreement. The Initial Franchise Fee ~~shall~~will be fully earned by ~~Franchisor~~us upon payment and is not refundable, in whole or in part, under any circumstance. If you are purchasing an existing Studio from a System franchisee, you will pay us a $30,000 training fee in lieu of the Initial Franchise Fee. Except as disclosed in this Item, we uniformly impose the Initial Franchise Fee on all parties that are purchasing a single ~~Franchised Business~~Studio.

If you are offered the right to own and operate a Studio from a Non-Traditional Site located within a Designated Territory (see Item 12 below) you have already been awarded, then you will not be required to pay us any Initial Franchise Fee in connection with the Franchise Agreement governing that Non-Traditional Studio.

~~*Initial Buildout Package*~~

~~You must purchase an initial package of furniture, fixtures and related supplies that is designed to provide you with many of the items (other than the leased treadmills) that you will need in connection with outfitting, equipping and otherwise building out your Studio (the "Initial Buildout Package"), as well as the shipping and installation of the items comprising that Package.~~

~~As of the Issue Date of this Disclosure Document, the costs associated with the Initial Buildout Package are comprised of: (i) between $53,000 and $62,000 in estimated amounts necessary to acquire and, if and as applicable, ship and install (a) free weights of various sizes and various other related equipment/supplies for use in connection with the provision of the Approved Services, (b) a Studio fixture package comprised of a desk, displays and display rack, storage cubbies, pedestals, and assorted other fixtures, and (c) certain other equipment used in connection with the Studio; and (ii) approximately $15,000 in estimated costs associated with acquiring certain of the hardware and software associated with the point of sale ("POS") and computer system components we currently require for use in connection with your Studio (the "SMS Bundle").~~

~~These items are described in greater detail in Item 7 as part of the fees detailed under the headings "Furniture, Fixtures and Related Supplies," and "Shipping and Installation." Currently, you must purchase the Initial Buildout Package from us, but we reserve to designate another approved supplier in our sole discretion. You must pay for the Initial Buildout Package prior to opening your Studio, and each fee that comprises the Initial Buildout Package is non-refundable under any circumstances and, except as provided above, will be uniformly imposed.~~

Pre-Sale and Soft Opening ~~Retail~~ Inventory Package

Prior to opening your Studio, you must purchase the following from us: (i) opening inventory ~~from us at a cost of approximately $12,000 ("Pre-Sale and Soft Opening Retail Inventory Package"), which includes, but is not limited to, presale merchandise and other apparel that will be available for resale as part of your Approved Products, including items branded with the Proprietary Marks, and other~~that includes branded apparel, including t-shirts, towels, exercise clothing and related accessories~~. The amount paid for the Opening Retail Inventory is non-refundable under any circumstances and will be imposed uniformly. ~~; and (ii) a pre-sale start-up package that typically includes (a) marketing and promotional items such as a branded EZ Up tent, feather flags and portable fitness and other exercise equipment to be utilized in conjunction with your pre-opening support program described below, and (b) branded apparel that is specific to the location of your Studio (collectively, the "Pre-Sale and Soft Opening Inventory Package").

The cost of the Pre-Sale and Soft Opening Inventory Package is $12,000, which we may require you pay to us immediately upon execution of your Franchise Agreement. The amount paid is non-refundable under any circumstances and is deemed fully earned upon payment. We expect to impose this charge for the Pre-Sale and Soft Opening Inventory Package uniformly.

You are required to use certain of these items in coordination with the pre-opening sales plan we approve or designate for your Studio, which is designed to generate prospective Studio clientele and members and otherwise promote the Studio prior to opening (the "Opening Support Program"). We anticipate that you will begin the pre-sale phase about 1 to 2 months before you open your Studio (the "Pre-Sale Phase").

~~Pre-Opening~~Authorized Coach Training Program Fee

You must ensure that your initial staff of Authorized Coaches attend and complete Authorized Coach Training Program before providing Approved Services at the Studio. The tuition due for the Authorized Coach Training Program for your initial Authorized Coach(es) will be a flat fee of $5,000, presuming they attend the Authorized Coach Training Program together (the "Authorized Coach Training Program Fee"). The Authorized Coach Training Program Fee does not cover any personnel-related expenses associated with attending or participating in such training.

~~As previously disclosed, any individual that you wish to serve as an Authorized Coach so he/she is eligible to conduct classes and otherwise perform the Approved Services at your franchise Studio must first attend and successfully complete our then-current Authorized Coach Training. As of the Issue Date, we expect and attend to afford our System franchisees the option of either: (i) having its initial staff of prospective coaches attend, participate in and complete the Authorized Coach training remotely (or at your franchised Studio) utilizing our proprietary online training program; or (ii) sending these individuals to one (1) of our corporate headquarters or one (1) of our other then-current corporate training facilities (each, a "Corporate Training Facility").~~

~~Prior to opening, we estimate we will provide Authorized Coach Training to at least one (1) and as many as seven (7) coach(es), as you determine appropriate in your discretion, and you will pay us between $1,499 and $10,493 in corresponding Coach Training Tuition fee(s). You may not be required to pay the Coach Training Tuition for a given coach if you require that individual to cover its own Coach Training Tuition fee. The Coach Training Tuition disclosed in this Item is uniformly imposed and is non-refundable upon payment.~~

~~Once your Studio is open, you may engage an Authorized Coach that has completed Master Training and been authorized as a "Master Trainer" to provide Authorized Coach Training to subsequent coaches, as well as Studio clientele, of your franchised Studio.~~

Music and Technology Fees

Once ~~Y~~you commence the Pre-Sales Phase, which we estimate to be two (2) months prior to your Studio's opening, you will be required to commence paying us our then-current Music Licensing Fee and Technology Fee ~~monthly~~, which is currently $129 and $299~~/~~ per month ~~as described more fully in Item 6 of this Disclosure Document below~~, respectively, in the calendar months preceding the contemplated or required opening date of your ~~franchised~~ Studio. As such, ~~our standard franchise offering assumes and expects that you will pay us your first~~we estimate that your payment of Technology Fees ~~amounting to $299~~for two (2) months prior to, and the three (3) months after, the opening of your ~~Franchised Business~~Studio to be $2,140. The fee is deemed fully earned upon payment and is ~~not~~ nonrefundable under any circumstances. ~~We expect to impose this fee uniformly on new System franchisees that are awarded any franchise rights in connection with this Disclosure Document.~~

Initial FFE Package

As part of our standard Franchise offering, you must pay us to provide (or arrange for our Approved Suppliers to provide) you with certain furniture, fixtures and related supplies that, in each case, is necessary to comply with the System and System Standards (collectively, the "Initial FFE Package").

We estimate the cost of purchasing of the Initial FFE Package is $40,500 for traditional Studios and $39,500 to $49,500 for Non-Traditional Studios. You must purchase the Initial FFE Package prior to opening your Studio. This payment is not refundable under any circumstances.

Note Regarding ~~Leased~~Exercise Equipment Package from Third-Party Lessor

Our standard ~~f~~Franchise offering ~~expects and~~ assumes and expects that you will ~~acquire the~~lease an initial package of treadmills and other related exercise equipment ~~in this range~~ package (via a lease-to-own or comparable agreement~~. This range accounts for the estimated amounts you will incur in connection with those lease or other agreement payments prior to opening, including (a) any deposit, and (b) the monthly payments due in the first three (3) months you are open and operating your Franchised Business. As of the Issue Date, these payments are made a third party on whatever terms you are able to negotiate. The ranges here are based on the experience of us and our System franchisees to date in connection with these kinds of third-party lease-to-own or comparable agreement.~~ entered into with a third-party provider of such programs) (the “Exercise Equipment Package). You will pay that lessor directly for the right to lease and possess the Exercise Equipment Package.

We estimate the 3-month cost of leasing the components of the Exercise Equipment Package (including shipping and installation) is $21,000 to $37,000 for traditional Studios and $9,500 to $20,000 for Non-Traditional Studios. You must purchase the Exercise Equipment Package prior to opening your Studio. This payment is not refundable under any circumstances.

If, however, you determine ~~not to follow~~to outright purchase the Exercise Equipment Package, we may require that you purchase that package from us or our affiliate (which we estimate to be approximately $277,000 that would be due prior to opening and non-refundable upon payment). Rather than purchasing the Exercise Equipment Package, our standard ~~f~~Franchise offering ~~and System recommendation and instead elect to acquire this equipment by purchasing it outright, then the costs of these treadmills and ancillary equipment will be much higher. As of the Issue Date, we estimate that the outright purchase price for these items would be approximately $246,000. Again, our franchise offering and Chart 7(A) above~~ assumes and expects that you will ~~acquire this specific~~lease the Exercise ~~e~~Equipment ~~p~~Package ~~via a lease-to-own or comparable program with installment payments~~to increase or facilitate cash flow during early operations.

Development Agreement

If we award you the right to ~~develop three (3) or more Franchised Businesses~~acquire franchises for three or more Studios within a given Development Area, you must pay us a one-time Development Fee upon execution of your Development Agreement. Your Development Fee will depend on the number of ~~Franchised Businesses~~Studios we grant you the right to open within the Development Area, and is calculated as follows: (i) $45,000 per ~~Franchised Business~~Studio if you agree to open and operate between three and five ~~Franchised Businesses~~Studios; (ii) $40,000 per ~~Franchised Business~~Studio if you agree to open and operate between six and nine ~~Franchised Businesses~~Studios; and (iii) $35,000 per ~~Franchised Business~~Studio if you agree to open and operate 10 or more ~~Franchised Businesses~~Studios.

You will be required to enter into our then-current form of franchise agreement for each ~~Franchised Business~~Studio you wish to open under your Development Agreement, but you will not be required to pay an~~y additional~~ Initial Franchise Fee at the time you execute each of these franchise agreements. If you enter into a Development Agreement, you must execute our current form of Franchise Agreement for the first Studio we grant you the right to open within your Development Area concurrently with the Development Agreement.

Your Development Fee will be deemed fully earned upon payment, and is not refundable under any circumstances. The Development Fee described above is calculated and applied uniformly to all of our franchisees.

ITEM 6~~ITEM 6~~
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	of Gross Sales generated your ~~Franchised Business~~[1] Studio over the relevant reporting period[1]	Payable weekly via electronic funds transfer ("EFT") based on the Gross Sales of your ~~Franchised Business~~Studio during the preceding business week	u will be required to start paying your Royalty on ur ~~Franchised Business~~Studio begins collecting enue from operations. We ~~reserve the right to~~may collect your Royalty on a different interval (for example, monthly).
Contributions to Brand Development Fund[2] ~~(the "Fund") Contributions~~[2]	~~he then-current contributio designate you must make the Fund (your "Fund Contribution")~~ Currently, 2% of ~~the~~ Gross Sales[1] ~~generated by your Franchised Business~~	Payable weekly at the same time and in the same manner as the Royalty	~~When we establish a~~Your Fund~~, we may require you to make a e~~Contributions ~~to that Fund amounting to up to 2% of the Gross Sales of your Franchised Business (the "Fund Contribution"), and your obligation to contribute will commence once you have started operating your Franchised Business~~will begin when your Studio begins generating revenue from operations.
~~Local Advertising Requirement~~	~~$1,500 per month (your "Local Advertising Requirement")~~	~~As arranged.~~	~~This is the minimum amount you must expend within your Designated Territory each month in connection with the active promotion and marketing of your Franchised Business, including lead generation activities that we designate or approve. We may request invoices and other evidence demonstrating your compliance with this requirement.~~ ~~This is only the minimum amount you must expend each month, and we encourage you to expend more on advertising as you determine appropriate to increase visibility and clientele.~~

Type of Fee	Amount	Due Date	Remarks
thorized Coac ining ~~Tuition~~ Program Fee	~~hen-current tuition fee (th "Coach Training Tuition") Currently, $1,499 per trainee.~~Then-current program fee.	~~Prior to training.~~As incurred	The tuition due for the Authorized Coach Training ~~Tuition is payable to us in the event the program is (a) provided via our online~~Program for your initial Authorized Coach(es) will be a flat fee of $5,000, presuming they attend the Authorized Coach ~~t~~Training ~~p~~Program ~~and course, or (b) completed at a corporate location~~together. ~~If t~~The tuition due for subsequent Authorized Coach Training ~~is provided by an authorized Master Trainer at a franchised Studio, then currently: (i) $1,000 of this Coach Training Tuition is retained by us; and (ii) the remaining $499 is remitted to the System franchisee that employs or otherwise supplied the Master~~Programs will be $499 per ~~T~~trainee~~r~~ in attendance. This fee will be due in connection with the Authorized Coach Training Program that we provide in connection with each individual you wish to serve as an Authorized Coach at your Studio. ~~We reserve the right to modify this allocation similar to our right to modify the Coach Training Tuition and other training fees described in this Chart.~~ We may modify the Authorized Coach Training Program Fee upon 30 days' prior written notice.

Type of Fee	Amount	Due Date	Remarks
Additional Training Fee	Then-current training fee for the type of training at issue ~~(the "Training Fee").~~ ~~Currently, those fees are as follows:~~ ~~Except in the circumstance described below, a standard fee of~~Currently, $500~~/~~ per day per trainer~~; and~~ ~~$30,000 to be paid by a franchisee that acquires and assumes a franchise from another System franchisee, which covers our provision of the Initial Training Program to the acquiring franchisee~~	Prior to training.	This fee is paid in connection with additional training/instruction that we may provide on an ongoing basis in connection with the overall operation and development of your Studio. We will only charge our Additional Training Fee in connection with training that (a) you request we provide, or (b) we are required to provide on-site at your Studio. We will not charge this fee in connection with training that we require you to attend at our corporate headquarters or other training facility we designate. ~~We reserve the right to charge this fee in connection with (a) any Master Training we provide to an Authorized Coach of your Studio, (b) re-training or replacement training with regards to the portions of the initial training that are designed for the franchise owner and/or Designated Manager, (c) any training we require you to complete to cure a default under your Franchise Agreement with us ("Remedial Training"), (d) training you request we provide (other than the kind of day-to-day assistance described below), or (e) training we provide on-site at your Franchised Business.~~ We will not charge any training fee in connection with minor, day-to-day assistance that we provide remotely over the phone or via email, subject to our availability. In addition to our then-current training fee, you will always be responsible for the costs and expenses that are incurred in connection with you and your personnel attending training. ~~The $30,000 Training Fee is only due in the specific situation and context noted in this row.~~
~~Required Software Fees~~	~~Then-current fees charged by our Approved Supplier for (a) Studio management and POS software, (b) client performance tracking software, and (c) any other software we designate for use in connection with your~~	~~Payable monthly in the same manner as the Royalty~~	~~You must pay our Approved Supplier for any proprietary software or other software we require you to use in connection with the operation of your Studio (collectively, the "Required Software"). We may designate ourselves or our affiliate as the Approved Supplier for certain Required Software, as we determine appropriate, at any time during the term of your Franchise Agreement.~~

Type of Fee	Amount	Due Date	Remarks
	~~Studio~~ ~~Currently, approximately (i) $269/month for Studio management software, and (ii) $150/month for the client performance software system.~~		~~We may also require that you use Required Software that is licensed from a third-party provider to assist in accounting and bookkeeping functions of your Franchised Business.~~
~~Technology Fee~~	~~Our then-current technology fee~~ ~~(the "Technology Fee")~~ ~~Currently, $299/month~~	~~Payable monthly in the same manner as the Royalty~~	~~We reserve the right to collect a Technology Fee in connection with any costs we incur in establishing and maintaining an intranet, extranet, online portal, website, online advertising tools, mobile application and/or any other technology for use in connection with the Franchised Business. Once established, we may increase or otherwise modify the Technology Fee based on vendor pricing and/or the technology we determine to cover as part of the fee.~~ ~~As of the Issue Date, we expect that System franchisees the timely open under the Franchise Agreement will be required to commence paying the Technology Fee in the calendar month preceding its contemplated and/or required opening date.~~
~~Music Licensing Fee (In-Studio)~~	~~Then-current fee charged by our Approved Supplier~~ ~~Currently, $129/month per Studio~~	~~Payable monthly in the same manner as the Royalty~~	~~We currently collect a Music Licensing Fee to cover costs we incur in connection with obtaining licensing rights to music and playlists you will use in connection with the provision of the Approved Services at your Studio. This amount is subject to increase based upon vendor pricing.~~ ~~As of the Issue Date, we expect that System franchisees that timely open under the Franchise Agreement will be required to commence paying the Music Licensing Fee in the calendar month following its contemplated~~

Type of Fee	Amount	Due Date	Remarks
			~~and/or required opening date.~~
~~Other Royalty and Licensing Fees~~	~~Actual cost of licensing and royalty payments~~	~~Upon demand~~	~~For any music used outside of providing the Approved Services at your Studio, you must make payments to performing rights organizations for licenses from songwriters and composers as well as pay royalties due to record labels. These additional fees are not currently directly payable to us or an affiliate, but we reserve the right to collect them in the future.~~
Renewal Fee	$10,000	At time of renewal.	You must renovate and reimage the Studio at your expense at the time of ~~R~~renewal to conform to our then-current standards and image.

Type of Fee	Amount	Due Date	Remarks
Transfer Fee ~~under Franchise Agreement and Development Agreement~~	Franchise Agreement: $10,000 Development Agreement: $10,000 per undeveloped franchise	~~At the time~~Upon your ~~apply~~request for our approval ~~or consent to a~~of any proposed transfer	Instead of the standard transfer fee, we will only charge an administrative fee amounting to: (i) $500 if you are an individual franchisee and ~~are~~ assigning your franchise and/or development agreements rights ~~under your agreements with us~~ to an entity that you fully own; or (ii) $1,500 if ~~it~~the assignment is ~~a transfer~~ from an existing System franchisee to ~~an~~another immediate family member. Payment of the transfer fee is one (1) of the conditions you must satisfy in order to assign an interest in your Franchise Agreement, your Studio, and/or you (if you are a business entity). There are other various other terms and conditions upon which we may condition or approval or consent to any such transfer. ~~ere are a number of other conditions that must isfied in order for us to approve your transf luding your agreement to cover any and all brol s involved in connection with the proposed trans issue.~~ You may be afforded the option – but do not have the obligation – to enter into an agreement with ~~our affiliate,~~ Xponential ~~Fitness,~~ for resale assistance and access to certain third-party broker networks. Should you determine to enter into this agreement, you will be responsible for (a) the third-party broker fees (currently, 40% of the purchase price), and (b) a broker access fee amounting to 10% of purchase price for any of the assignable assets that are sold to a prospect, if we or broker network generate the prospect.
Technology Fee	Our then-current technology fee for the technology services we provide as part of the System (the "Technology Fee") Currently, $299/month	Payable monthly at the same time and in the same manner as the Royalty.	We charge you an on-going Technology Fee to help cover the costs and expenses associated with developing, implementing, licensing or otherwise using and integrating the technology we determine appropriate to provide as part of the System or otherwise in connection with your Studio and/or Studio network.

Type of Fee	Amount	Due Date	Remarks
Relocation Fee	$5,000	Upon submission of a proposal to relocate	You will not be permitted to relocate your Studio without our prior written approval, which may be withheld in our discretion. We may assess a relocation fee of $5,000 at the time you submit the proposed location for your relocated Studio. Generally, we do not approve requests to relocate your Studio after a site selection has been made and you have opened for business unless (a) it is due to extreme or unusual events beyond your control, and (b) you are not in default of your Franchise Agreement. If we approve your relocation request, we retain the right to approve your new site location in the same manner and under the same terms that are applied to your first site selection
Music Licensing Fee (In-Studio)	Then-current fee charged by our Approved Supplier Currently, $129/month per Studio	Payable monthly in the same manner as the Royalty	We currently collect a Music Licensing Fee to cover costs we incur in connection with obtaining licensing rights to music and playlists you will use in connection with the provision of the Approved Services at your Studio. This amount is subject to increase based upon vendor pricing.
Insurance Policies[3]	Amount of unpaid premiums	~~Must have the policies within 60 calendar days after signing the Franchise Agreement, but no later than the time that you acquire an interest in the real property from which you will operate the Studio~~As agreed.	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.

Type of Fee	Amount	Due Date	Remarks
Mystery Shopper and Other Quality Control Programs	Then-current fee charged by our Approved Supplier for such programs Currently, our Approved Supplier charges a fee amounting to $500/year	As arranged	Payable only if we establish a mystery shopper program or other quality control mechanism/program, in which case we may require a franchisee to contribute up to $500/year to help defray the costs of such programs that are designed to preserve the goodwill and brand image.
Audit Fees[4]	~~Reimbursement of our actual c~~Costs incurred by us in connection with ~~the~~conducting audit ~~Approximately,~~Currently, we estimate that such costs will typically be between $500 - $2,500 (plus costs of any travel)	Within 15 calendar days after receipt of audit report.	yable only if (a) an audit or review shows derstatement of Gross Sales for the audited period ~~o percent (~~2%~~)~~ or more, or (b) the audit or review ing conducted in response to your failure to tim bmit any reports required by your Franch greement.
~~Mystery Shopper and Other Quality Control Programs~~	~~Currently, we do not require franchisees to contribute to these programs, but we reserve the right to do so in the future.~~	~~Within 30 days of demand.~~	~~Payable only if we establish a mystery shopper program or other quality control mechanism/program, in which case we reserve the right to require a franchisee to contribute up to $500/year to help defray the costs of such programs that are designed to preserve the goodwill and brand image.~~
Late Fees	he greater of (a) the highe pplicable legal rate for ope count business credit, or (1.5% per month. ~~We may also charge an administrative fee of $50 for each late payment or report.~~	Upon demand.	Applies to all amounts not paid when due, until paid in full. We may also require you to pay an administrative fee of $50 for each late payment or late report.

Type of Fee	Amount	Due Date	Remarks
~~Penalty~~Non-Compliance Fee	Then-current fee charged by us Currently, $100 for each day of non-compliance.	Upon demand.	Payable only in the event you fail to comply with your material obligations under your ~~Franchise Agreement by (a) permitting any coach at your Studio to provide running instruction or other Approved Services before they complete the Authorized Coach Training, or (b) offering or selling any unauthorized products or services at your Studio, including provision of the Authorized Coach Training with an approved Master Trainer (described more fully in Item 11 below). The Penalty~~ Franchise Agreement. The Non-Compliance Fee will be incurred during each day of n-compliance.
~~Attorneys' fees and other Enforcement-related Costs~~	~~The costs that we incur in connection with any action to (a) enforce your obligations under any Franchise Agreement or ADA, and/or (b) defend against any action you bring against us wherein we prevail.~~	~~As incurred or upon demand, as applicable.~~	~~You must reimburse us all costs and expenses that we incur in connection with any action we bring against you to enforce the terms of an agreement against you, as well as in connection with any action you bring against us that we successfully defend against.~~
~~Other Agreement-Related~~ Cost~~s~~ ~~and Expenses~~ of Enforcement or Defense	~~The~~All costs including attorneys' fees ~~and actual costs that (a) we actually incur, or (b) provide specific notice of in our Manuals with regards to certain situations (such as relocation, certain transfers, etc.), in connection with a given amendment or other change to the franchise relationship~~	Upon ~~demand and prior to us counter-signing any relevant addendum, amendment or other document modifying the terms of your Franchise Agreement or ADA~~settlement or conclusion of claim or action.	~~e may set forth flat administrative fees in t anuals that you will need to pay to help us defray sts we incur in connection with modifying a reement or any contractual relationship you ha th us.~~ ~~Any such modification to your agreements or relationship will need to approved, set forth in writing and signed by us consistent with the terms of your Franchise Agreement and/or ADA.~~ You will reimburse us for all costs in enforcing our obligations concerning the Franchise Agreement if we prevail.

Type of Fee	Amount	Due Date	Remarks
Indemnification	All costs including attorneys' fees	Upon settlement or conclusion of claim or action.	You will defend suits at your own cost and hold us harmless against suits involving damages resulting from your operation of the Studio ~~(subject to applicable state law)~~.
Alternative Supplier Approval[5]	$500 per day for personnel engaged in evaluating a supplier.	At time of request.	Additionally, you must reimburse~~ment~~ us for any travel, accommodations, and meal expenses.
Regional ~~Cooperative~~Co-Op	As the ~~Cooperative~~Co-Op determines~~, but not to exceed the amount of the then-current Local Advertising Requirement~~	As the ~~Cooperative~~Co-Op determines	We may establish regional cooperatives comprised of Studios that are within a given geographical area (each, a "~~Cooperative~~Co-Op"). If a ~~Cooperative~~Co-Op is established where your Studio is located, you will be required to participate in that ~~Cooperative~~Co-Op and contribute to that ~~Cooperative~~Co-Op in the amounts the ~~Cooperative~~Co-Op determines. ~~Company-owned or affiliate-owned Studios will have the same voting rights in such Cooperatives as franchisee-owned Studios~~
~~Manual Access Violation Fee~~Extension of Time to Open your Studio	Then-current fee, currently $~~10,000~~2,500	~~As incurred.~~Upon request for extension of time	~~If y~~You ~~in any way compromise the secure access to the online version of the Manual, including, but not limited to, allowing unauthorized users access to the Manual and its confidential contents, you will be required to pay us a Manual Access Violation Fee in the amount of $10,000, to compensate us for the breach and related damage to the System~~are required to open your Studio within six months of executing your Franchise Agreement, but we may agree in writing to provide you with an additional three months to open your Studio if you (a) have already secured an Approved Location for your Studio, and (b) are otherwise making diligent and continuous efforts to buildout and otherwise prepare your Studio for opening throughout the six (6) month period following the execution of your Franchise Agreement; however you must pay us our then-current fee as a condition to granting any extension of time.

Type of Fee	Amount	Due Date	Remarks
Management Fee	The costs/expenses we incur in connection with taking over operations, including manager's salary, room and board, travel expenses, and all other related expenses.	When incurred	If we take over the operations of your Studio due to your breach of the Franchise Agreement (or your death or disability), we may take all actions necessary to operate the Studio.

Type of Fee	Amount	Due Date	Remarks
~~Early Termination~~Lost Revenue Damages	The applicable ~~Early Termination Fee~~amount of Lost Revenue Damages, as further defined in the Remarks	~~As incurred.~~Upon termination of Franchise Agreement	~~In~~If you terminate the ~~event that your~~ Franchise Agreement ~~is~~without cause or we terminate~~d by us prior to its natural expiration due to your default or non-compliance under this agreement, then we reserve the right to charge you a fee amounting to: (i) the sum of the royalties paid to Franchisor over the greater of (A) the 36 calendar months wherein the franchised Studio was actively operating proceeding the termination date, or (B) if Franchisee's Studio has not been actively operating for 36 months, then the months that Studio has had active in-Studio operations; or (ii) if Franchisee has failed to develop and open the franchised Studio, 36 times the average royalty fee paid to Franchisor by System franchisees with actively operating franchised Studios over the 12-month period preceding the termination (the "Early Termination Fee"). This fee will be in addition to any other rights or remedies that we have in the event of this default, and shall not impact our right to seek injunctive relief with regards to your violation of any post-term obligations under your Franchise Agreement~~the Franchise Agreement for your breach, you must pay us an amount equal to the net present value of: (1) the lesser of 36 or the number of calendar months remaining on the term of the Franchise Agreement absent termination, multiplied by (2) the sum of the Royalty and Fund Contribution percentages in effect as of the termination date, multiplied by (3) the average monthly Gross Sales of your Studio during the 24 full calendar months immediately preceding the termination date, minus (4) any cost savings we experienced as a result of the termination. However, if (i) as of the termination date, your Studio had not operated a full 24 calendar months, monthly average Gross Sales will equal the highest monthly Gross Sales achieved during the period in which you operated your Studio, and (ii) if the termination was based on your unapproved closure of your Studio, average monthly Gross Sales would be based on the 24 full calendar months immediately preceding the closure of your Studio.

Notes to Item 6 ~~Chart~~Table:

All fees are ~~uniformly~~ imposed by and are payable to us, unless otherwise noted. No other fees or payments are to be paid to us, ~~nor do~~and we do not currently impose ~~or~~and collect any other fees or payments for any third party. Any fees paid to us are non-refundable unless otherwise noted. Fees payable to third parties may be refundable based on your individual arrangements. ~~With regards to any interest charged in connection with the fees set forth in the chart above, the highest interest rate allowed by law in California is ten percent (10%) annually.~~

~~[1] Gross Sales. Except as provided below, the term "Gross Sales" means the total revenues you derive, directly or indirectly from all business conducted upon, from or in connection with the Studio, less sales taxes or similar taxes imposed by governmental authorities. (See Section 5.3 of the Franchise Agreement for a more complete definition). Please note that we exclude revenue generated from the provision of the Authorized Coach Training at your Studio from the definition of "Gross Sales" because you are required to pay us a flat fee of $1,499 for each individual that received the required training (as described more fully in the Coach Training Tuition section of the Chart above). Please see Section 5.3 of the Franchise Agreement for additional information.~~

[1] **Gross Sales**. Except as provided below, the term "Gross Sales" means the total revenue, in whatever form, generated by your Studio, whether or not in compliance with your Franchise Agreement and regardless of receipt, including all revenue generated from the sale and provision of any and all gift cards and other products and services at or through your Studio and all proceeds from any business interruption insurance related to the non-operation of your Studio. Please note that the following are excluded from Gross Sales: (a) any sales tax and equivalent taxes that you collect for or on behalf of any governmental taxing authority and paid to it, and (b) the value of any allowance issued or granted to any client of the Studio that you credit in good faith in full or partial satisfaction of the price of the Approved Products or Approved Services offered in connection with your Studio. You must participate in our then-current electronic funds transfer and reporting program(s). All fees owed and any other amounts designated by us must be received or credited to our account by pre-authorized bank debit by 5:00 p.m. P.S.T. on or before the applicable due date. Your ~~franchised business~~Studio may be located in a jurisdiction whose taxing authority will subject us to tax assessments on payments you submit to us for the Royalty ~~Fee~~fees and Fund ~~c~~Contributions. Under such circumstances, you will be required to adjust, or "gross up" your payment to us to account for these taxes.

[2] **Brand Development Fund**. We ~~reserve the right to establish a Fund that is designed to market, promote and otherwise develop the brand, Proprietary Marks, System (and associated tools/components), Studios and/or Approved in the Chart above. Please see Item 11 for all required disclosures regarding the Fund and our right to administer that Fund once established.~~(and our affiliates) have established a brand development fund (the "Fund") and you will be required to make a weekly contribution towards such Fund ("Fund Contribution") beginning the date your Studio begins collecting revenue from business operations. The Fund may be used for (among other things) product development; signage; creation, production and distribution of marketing, advertising, public relations and other materials in any medium, including the internet; social media; administration expenses; brand/image campaigns; media; national, regional and other marketing programs; activities to promote current and/or future Studios and the brand; agency and consulting services; research; and any expenses approved by us and associated with your Studio. We will have sole discretion over all matters relating to the Fund. You must pay for your own local advertising.

[3] **Insurance Policies**. The minimum limits for coverage under many policies will vary depending on ~~various~~several factors, including ~~where you are located and~~ the size of your Studio, and the number of classes offered. See Item 8 of this Disclosure Document for our minimum insurance requirements.

[4] **Audit Fees**. ~~In~~You will be required to reimburse us for the cost of the audit in the event that (a) an audit discloses an understatement of Gross Sales for ~~other discrepancy, in addition to the cost of the audit, you~~the audited period of two percent (2%) or more, or (b) the audit or review is being conducted in response to your failure to timely submit any reports required by your Franchise Agreement. You will also be required to pay ~~the marketing due on~~ the amount of such understatement, plus late fees and interest.

[5] **Alternative Supplier Approval**. You may request the approval of an item, product, service or supplier. We may require you to pre-pay any reasonable charges connected with our review and evaluation of any proposal.

ITEM 7~~ITEM 7~~
ESTIMATED INITIAL INVESTMENT

YOUR ~~ESTIMATED~~ INITIAL INVESTMENT

A. ~~A.~~ **Franchise Agreement – Traditional Studio**

Type of Expenditure[1]	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment ~~is~~Is to be Made
Initial Franchise Fee[2]	$60,000	$60,000	Lump sum, in cash, certified check or bank wire	~~Upon execution of the~~At signing of Franchise Agreement	Us
Initial Training Program Fees[3]	$0	$0	N/A	N/A	N/A
Travel & Living Expenses while Training[3]	$~~500~~0	$3,000	~~Lump sum~~As arranged	~~Prior to training~~As incurred	~~Third Party~~ Transportation Carriers, Hotel Facilities, Etc.
Real Estate/Lease[4] and Professional Fees[4]	$~~22,500~~26,800	$52,500	As arranged	As incurred	Landlord; Attorneys; Accountants
Net Leasehold Improvements[5]	$~~101,250~~125,000	$~~178,250~~210,000	As arranged	As incurred	Approved Suppliers, Architects and Contractors~~ and Local, State or Federal Government~~
Signage[6] ~~6~~	$15,000	$~~20,000~~24,000	As arranged	As incurred	Approved Suppliers and Vendors
Insurance[7]	$1,550	$2,550	As arranged	Before ~~o~~Opening	Insurance Carrier
Lease Payments in Connection with Exercise Equipment ~~Lease for 3 Months~~[8]Package [8]	$~~25,400~~21,000	$~~28,000~~37,000	~~Lump Sum~~ As required	Before ~~o~~Opening	~~Third Party Vendors~~ Approved Supplier

Type of Expenditure[1]	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment ~~is~~Is to be Made
~~Retail~~Pre-Sale and Soft Opening Inventory Package ~~for Presale and Soft Opening[9]~~[9]	$12,000	$12,000	Lump ~~S~~sum	Before Opening	Us
~~Furniture, Fixtures and Related Supplies[10]~~Initial FFE Package[10]	$~~29,500~~40,500	$~~29,500~~40,500	As arranged	As incurred	Us ~~and other Approved Suppliers~~
~~Audio Visual Equipment[11]~~Computer System and Related Components[11]	$46,000	$46,000	As arranged	As arranged	Approved Suppliers and Vendors
Initial Marketing Spend, including ~~certain costs associated with~~amounts on Opening Support Program[12]	$15,000	$20,000	As arranged	~~Before Opening~~ As arranged	Approved Suppliers and Vendors
Authorized Coach Training Program[13]	$5,000	$5,000	As arranged	As Incurred	Us
Music and Technology Fees[14]	$2,140	$2,140	As agreed	As agreed	Us
Additional Funds – ~~Shipping and Installation[13]~~3 months[15]	$~~24,000~~10,000	$~~32,000~~40,000	As arranged	As incurred	~~Us~~ Employees, Vendors, Utilities
TOTAL [16]	$379,990	$554,690			

B. Franchise Agreement – Non-Traditional Offering (For Existing System Franchisees)

Type of Expenditure[1]	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Initial Franchise Fee[2]	$0	$60,000	Lump sum, in cash, certified check or bank wire	At signing of Franchise Agreement	Us
Initial Training Program Fees[3]	$0	$0	N/A	N/A	N/A
~~Authorized Coach Training and Related~~Travel & Living Expenses ~~[14]~~while Training[3]	$~~8,000~~0	$~~8,000~~3,000	As arranged	~~Before Opening~~As incurred	~~Us and~~ Transportation Carriers, Hotel Facilities, Etc.

Type of Expenditure[1]	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Real Estate/Lease and Professional Fees[4]	$4,000	$6,000	As arranged	As incurred	Landlord; Attorneys; Accountants
Net Leasehold Improvements[5]	$47,000	$70,000	As arranged	As incurred	Approved Suppliers, Architects and Contractors
Signage[6]	$7,000	$10,000	As arranged	As incurred	Approved Suppliers and Vendors
Insurance[7]	$1,550	$2,550	As arranged	Before Opening	Insurance Carrier
Lease Payments in Connection with Exercise Equipment Package [8]	$9,500	$20,000	As required	Before Opening	Approved Supplier
Pre-Sale and Soft Opening Inventory Package [9]	$12,000	$12,000	Lump sum	Before Opening	Us
Initial FFE Package[10]	$39,500	$49,500	As arranged	As incurred	Us
~~Technology Fee – 1 Month Prior to Opening plus First 3 Months and Music Licensing Fee (3 Months)~~Computer System and Related Components[11]	$~~1,712~~42,000	$~~1,712~~49,000	As arranged	As arranged	~~Us~~Approved Suppliers and Vendors
Initial Marketing Spend, including amounts on Opening Support Program[12]	$15,000	$20,000	As arranged	As arranged	Approved Suppliers and Vendors
Authorized Coach Training Program[13]	$5,000	$5,000	As arranged	As Incurred	Us
Music and Technology Fees[14]	$2,140	$2,140	As agreed	As agreed	Us
Additional Funds ~~– First Three (3) Months[15]~~ 3 months[15]	$10,000	$~~40,000~~25,000	As arranged	As incurred	Employees, Vendors ~~and~~, Utilities
~~Total[16]~~TOTAL [16]	$~~372,412~~ 194,690	$~~533,512~~ 334,190			

Notes to Tables A and B in Item 7:

[1]~~General. The initial investment table shows the estimated initial investment required to establish and operate a Studio.~~ All amounts payable to us are nonrefundable, unless otherwise noted. Amounts payable to suppliers/vendors are refunded according to arrangements you make with ~~the~~each vendor, if any. These figures

are estimates of the range of your initial costs in the first three (3) months of operation only. ~~Neither we nor our affiliates~~Leasing and financing is available for many of the above expenses. We do not offer direct or indirect financing~~. Our standard franchise offering~~, but we may assist you in obtaining working capital through other sources, as described in Item 10 below.

[1] **General**. The initial investment table shows certain expenditures required to establish and operate a Studio. Note that these amounts may vary widely, and the amounts you have to spend or invest may be higher or lower than the estimated amounts, depending on location, size of the Studio, marketing conditions and other factors. We strongly recommend that you verify actual costs in your area, and for your intended location, and prepare a business plan and have it reviewed by your own independent adviser, like an accountant, before making any commitments to us or anyone else. Due to legal restrictions, we will not prepare, review or comment on any business plan for a prospective franchisee. This Item 7 assumes and expects that you will ~~timely secure an approved premises and complete all other~~(a) lease the Exercise Equipment Package, and (b) timely perform all pre-opening obligations ~~in time to~~and open and commence operations ~~on or before~~of your ~~rent commencement date and as otherwise required by~~Studio within the time periods prescribed in your Franchise Agreement. All estimates listed in the table above exclude tax.

[2] **Initial Franchise Fee**. The Initial Franchise Fee is non-refundable. The Initial Franchise Fee for a single Studio is $60,000. We do not provide financing for the Initial Franchise Fee. If you are purchasing an existing Studio from a System franchisee, you will pay us a $30,000 training fee in lieu of the Initial Franchise Fee. If you are offered the right to own and operate a Studio from a Non-Traditional Site located within a Designated Territory you have already been awarded, then you will not be required to pay us any Initial Franchise Fee in connection with the Franchise Agreement governing that Non-Traditional Studio.

[3] **Travel and Living Expenses While Training**. ~~This estimate is designed to cover the costs and expenses you might incur in connection with~~As previously disclosed in Items 1 and 6 of this Disclosure Document, you (or, if you are an entity, ~~one (1) of~~ your ~~o~~Operating ~~p~~Principal~~s you designate to be the Designated Operator for the Studio)~~) must attend~~ing and completing the required~~our proprietary ~~i~~Initial ~~t~~Training ~~described more fully in Item 11 of this Disclosed Document~~Program. We will not charge ~~you or your Designated Operator for this portion~~any tuition or training fee in connection with your attendance of our ~~i~~Initial ~~t~~Training ~~that must completed on behalf of the franchisee/owner under your Franchise Agreement.~~Program, provided all individuals attend at the same time. The estimate in the Table above assumes that you (or your Operating Principal) will attend the Initial Training Program, and ~~Y~~you will be responsible for the costs and expenses associated with attending ~~this~~our Initial ~~t~~Training Program (e.g., transportation, meals, lodging and other expenses). The amount you will spend while training will depend on several factors, including the number of persons attending, the distance you must travel and the type of accommodations you choose, if any are needed. ~~The estimate assumes that you (or your Designated Operator) will attend their respective training at the same time at our headquarters or Corporate Training Location.~~

~~Please note that the estimated Coach Training Tuition fees associated with your initial coaches is accounted for in the estimate of "Additional Funds" in the Chart above.~~

[4] **Real Estate/Lease and Professional Fees**. If you do not own adequate Studio space, you must lease suitable premises. These figures assume that the leased premises will be approximately 2,000 square feet. Landlords may also vary the base rental rate and charge rent based on a percentage of gross sales. In addition to base rent, the lease may require you to pay common area maintenance charges~~ ("CAM Charges")~~, your pro rata share of the real estate taxes and insurance, and your pro rata share of HVAC and trash removal. The actual amount you pay under the lease will vary depending on the size of the Studio, the types of charges that are allocated to tenants under the lease, your ability to negotiate with landlords, and the prevailing rental rates in the geographic area. You will also likely be required to pay a security deposit. This estimate assumes your security

deposit will amount to approximately one (1) month of rent. Since rental, improvement and other real-estate-related costs can vary significantly by area, it's your responsibility to (1) independently research all applicable laws and regulations, and real estate market conditions and costs, where you plan to locate and operate your facility, and (2) obtain appropriate advice from your own accountant, attorney and real estate professional, before signing any binding documents or making any investments or other commitments, whether to us or anyone else. ~~As of the Issue Date, we have a number of third-party law firms that have experience with our System criteria for potential Studio sites, and that have worked with the franchisee networks of us and certain of our affiliate franchisors to review leases for the potential Approved Location of your Studio and, if appropriate and authorized by you, to negotiate the terms of and close on that lease acquisition. Each of these law firms is an "Approved Supplier" under Item 8 and this estimate includes the costs to engage such an Approved Supplier to review and negotiate the lease for your Premises. If you wish to use other counsel to perform this legal work, we will consider such proposal so long as you or the counsel at issue can demonstrate experience with commercial real estate transactions in the state and/or area where your Studio is to be located. If you determine to and we approve your use of counsel other than an Approved Supplier, you may expend more or less than is set forth in the Chart above.~~This estimate includes three (3) months of base rent plus one (1) month for estimating the security deposit. Certain metropolitan markets, such as Boston, Chicago, Los Angeles, New York, San Francisco, Seattle, and Washington, D.C. may require higher costs than estimated. This estimate is also designed to cover the legal and other professional fees associated with securing an approved premises.

[5] **Net Leasehold Improvements**. The cost of leasehold improvements will vary depending on: (i) the size and configuration of the premises~~ which will be approximately 2,000 square feet~~; (ii) pre-construction costs (e.g., demolition of existing walls and removal of existing improvements and fixtures); ~~and ~~(iii) the need for soundproofing; (iv) the cost ~~or~~of materials and labor which may vary based on geography and location; and (v) the amount you will be required to incur in connection with (a) sound consultation and sound attenuation services and buildout components (if and as required based on the site you select), (b) architect costs, and (c) utility deposits (the typical costs of which are accounted for in the range presented), (d) flooring costs, and (e) expenses incurred to acquire the required local business licenses and permits. You must adapt our prototypical plans and specifications for the construction and finish-out of the Studio. It includes the net cost of leasehold improvements, including floor coverings, wall treatments, ceilings, painting, electrical, carpentry, plumbing, HVAC, and similar work, as well as materials and the cost of labor. These amounts may vary substantially based on local conditions, including the availability and prices of labor and materials. ~~These amounts may also vary depending on whether certain of these costs will be incurred by the landlord and allocated over the term of the lease. In certain major~~Certain metropolitan markets, such as Boston, Chicago, Los Angeles, New York~~, Los Angeles~~, San Francisco, Seattle, and Washington, D.C.~~, costs could be significantly higher than the estimates provided here due to local market rates for materials and labor. You must adapt our prototypical plans and specifications for the construction and finish-out of the Studio, including approved flooring and other vendors or materials as designated~~ may require higher costs than estimated. We highly suggest you receive multiple general contractor bids to determine your estimated build-out costs.

These amounts may also vary depending on whether certain of these costs will be incurred by the landlord and allocated over the term of the lease. Our standard Franchise offering assumes as follows: (i) a reasonable tenant improvement allowance to account in this range that is based on our collective experience, the existing Studio locations and our affiliate franchisors and our respective fitness studios that have a similar size and buildout characteristics; and (ii) you will not enter into a lease for a potential premises unless the landlord is willing to afford you a reasonable tenant improvement credit or allowance that is consistent with our experience. If you wish to enter into such a lease, then we will not prohibit you from doing so if (a) the location otherwise meets our System Standards, and (b) you sign an acknowledgement that the lease terms are outside our standard Franchise offering.

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

For clarity, the estimates presented herein are net of tenant improvement amounts incurred and reimbursed by the landlord. This estimate presented herein is also assuming an average landlord tenant improvement contribution range between $35,000 and $190,000, or an average of $100,000 and an average of three (3) months' rent abatement. The actual amount of tenant improvement allowance and rent abatement you ~~will~~may receive can vary depending on your negotiations with the landlord.

[6] **Signage**. You will need to purchase appropriate signage for your Studio that we approve. The cost of your signage may be more or less than this estimate, and depends on the size, type and method of installation you choose. Each landlord has different restrictions it places on interior and exterior signage that may affect your costs. This estimate includes costs associated with permanent signage and graphics only and does not account for temporary signage and graphics, which are optional.

[7] **Insurance**. This estimate is for three (3) months of your minimum required insurance, using our required or approved third-party vendor. The actual cost may be more than shown here. You will need to check with our insurance carrier for actual premium quotes and costs, and for the actual amount of deposit. Insurance costs can vary widely, based on the area in which your ~~business~~Studio is located, your experience with the insurance carrier, the loss experience of the carrier, the amount of deductibles and of coverage, and other factors beyond our control. You should obtain appropriate advice from your own insurance professional before signing any binding documents or making any investments or other commitments, whether to us or anyone else.

[8] **Payments in Connection with Exercise Equipment** ~~Lease (3 Months). As previously disclosed,~~**Package**. ~~o~~Our standard ~~f~~Franchise offering assumes and expects that a new System franchisee~~s~~ will lease the ~~designated treadmills that we designate~~Exercise Equipment Package. As such, the range above is designated to capture and account for (a) the typical deposit, and (b) lease (or comparable installment) payments you make to a third-party provider we approve (we have pre-approved several as of the Issue Date). The Exercise Equipment Package for a traditional Studio is typically comprised of treadmills, free weights of various sizes, various equipment/supplies for use in connection with the ~~Studios and~~ provision of the Approved Services~~. The lease terms you are offered and ultimately agree to will likely vary based on your credit score/rating, finances, local market and lending conditions, your documented business experience and any amount you might put down as a deposit on such a lease (if that is an option with the lessor). The range estimated here is based on the estimate we received from our Approved Supplier for this equipment.~~, and certain other equipment used in connection with the Studio – but we may raise or lower this requirement depending on the size of your Studio.

If you determine not to follow our System-recommended practice of leasing this equipment associated with our standard franchise offering described above, the estimated cost to purchase this equipment outright will be substantially more (approximately $277,000) and will be paid to us or our designated supplier of such equipment.

~~In addition to the leased treadmills described above, the initial required amount of running and other exercise equipment for a standard Studio is approximately free weights of various sizes, various equipment/supplies for use in connection with the provision of the Approved Services, heartrate monitor devices, and certain other equipment used in connection with the Studio. The amount of equipment and corresponding investment will likely vary based on the size and layout of your Studio.~~

~~Our standard franchise offering expects and assumes that you will acquire the treadmills and related equipment in this range via a lease-to-own or comparable agreement. This range accounts for the estimated amounts you will incur in connection with those lease or other agreement payments prior to opening, including (a) any deposit, and (b) the monthly payments due in the first three (3) months you are open and operating your Franchised Business. As of the Issue Date, these payments are made a third party on whatever terms you are able to negotiate. The ranges here are based on the experience of us and our System franchisees to date in connection with these kinds of third-party lease-to-own or comparable agreement. If you determine not to follow our standard franchise offering and System recommendation and instead elect to acquire this equipment by purchasing it outright, then the costs of these treadmills and ancillary equipment will be much higher. As of the Issue Date, we estimate that the outright purchase price for these items would be approximately $246,000. Again, our franchise offering and Chart 7(A) above assumes that you will acquire this specific equipment package via a lease-to-own or comparable program with installment payments.~~

[9] ~~Retail Inventory Package for~~ **Pre~~s~~-Sale and Soft Opening Inventory Package**. This estimate is the cost associated with acquiring the following proprietary and required items: opening stock of retail inventory which includes, but is not limited to, presale merchandise, branded apparel made up of tops, bottoms, and accessories. The entire package must be purchased prior to Soft Opening. Shipping is not included. ~~If credit is not used within 180 days of Soft Opening, credit will expire.~~

[10] ~~Furniture, Fixtures and Related Supplies~~**Initial FFE Package**. This is a range of expenses that will be incurred when decorating and furnishing the Studio~~, including certain components of the Initial Buildout Package that you must purchase from us~~. Both the low-end and the high-end numbers represent a straight, outright purchase of ~~all~~the furniture, fixtures and related ~~supplies~~items comprising this package (rather than leasing or making installment payments on these items). These amounts include our shipping and installation costs for the Initial FFE Package. These amounts will vary based upon the geographic location of your Studio.

~~[11]~~ ~~AV~~[11] **Computer System** ~~Package. You must use our Approved Supplier for the purchase your audio/visual equipment package (the "AV Package") and the computer system components we require you to utilize in connection with your Franchised Business, including but not limited to,~~**and Related Equipment**. You must acquire a personal computer and ~~the Point of Sale~~a Point-of-Sale system ("POS~~") hardware and software~~ System") for use in the operation of the Studio. Your ~~c~~Computer ~~s~~System must be equipped with a high-speed connection to the Internet and must include a local area network with a dedicated server. We will make available to you a certain business management software program specific for the Studio to be loaded on to your system. You will pay the third-party vendor directly for all fees associated with the ~~hardware and~~ use of the software. ~~In addition to the POS and related computer equipment, you must acquire cabling and mounts, and other audio-visual related equipment and accessories necessary to provide the Approved Services.~~You can expect initial cash outlays to be lower if the items can be leased rather than purchased. These costs are paid to suppliers, when incurred, before beginning business and are usually not refundable. In addition, this estimate includes certain related equipment (e.g. tablets, etc.), as well as the costs associated with at least one (1) surveillance camera to be installed for use at the Studio. You may be required to purchase the camera(s) and related accessories from an Approved Supplier (see Item 8 of this Disclosure Document). You are responsible for ensuring customer consent and for any failure to obtain such consent. You must indemnify us for any breaches of privacy from your use of any surveillance camera.

You will also be required to purchase an Audio-Visual Package ("AV Package"), which includes all audio and visual equipment. You must purchase these components from designated vendors and must execute any related software licenses required these vendors require.

[12] **Initial Marketing Spend** ~~(including certain~~ You are required to expend this "Initial Marketing Spend" in coordination with your Opening Support Program~~ costs), You will be required to expend a minimum of~~

~~$15,000 on advertising and promoting the opening of your Franchised Business, as described more fully in Item 11 of this Disclosure Document~~. Typically, we expect your Opening Support Program to commence prior to the "soft opening" of your Studio through your actual opening of the Studio. These funds must be expended on your Opening Support Program and any other pre-opening marketing and/or advertising activities we designate. We may require that you expend ~~all or some~~any portion of these funds on ~~materials or~~ services ~~that are provided by our then-current~~or product supplied by one or more of our Approved Supplier~~(s)~~s ~~for advertising or marketing, and we expect that you will typically expend these amounts primarily in the month(s) immediately preceding and following your opening. Any materials you wish to include as part of your pre-opening campaign must be approved by us if not previously designated for use.~~ . We will have the right to modify the Opening Support Program as we determine appropriate in our sole discretion. You must provide us with supporting documentation evidencing these expenditures upon our request. This estimate is in addition to your required contributions to the Fund.

~~[13] Shipping and Installation. As of the Issue Date, we arrange for the shipping the equipment, fixtures and other items that are part of the Initial Buildout Package you must acquire (with these costs included in the Package estimate described in Item 5). These amounts may vary based upon the location of your Studio.~~

[13] ~~[14]~~**Authorized Coach Training** ~~and Related Expenses. The low end of this estimated range assumes~~**Program**. This range is to cover the amounts payable in connection with the Authorized Coach Training Program that your initial ~~staff of~~instructors must complete prior to providing any classes or other Approved Services at your Studio. This estimate assumes that you will pay us to have one (1) of our master trainers provide the Authorized Coach Training Program where all your Authorized Coaches will attend and complete ~~the Authorized Coach Training remotely via our proprietary online training program. The high end of his estimate includes the Coach Training tuition fee(s), as well as the travel and other related costs and expenses, to have us send a Master Trainer to your franchised Studio to provide the Authorized~~such training prior to the grand opening of your Studio. You may incur additional travel in connection with our instructors traveling to train your ~~C~~coaches ~~Training in person~~.

[14] **Music and Technology Fee(s)**. This estimate designed to cover our current Music Licensing Fee and Technology Fee obligations from the commencement of the Pre-Sales Phase (estimated to be two (2) months prior to opening) and over the first three (3) months of operation, for a total of five (5) months of payments. Please see Items 5, 6 and 11 for additional information on this fee that, as of the Issue Date, amounts to $129 and $299 per month, respectively.

[15] **Additional Funds**~~ – First Three (3) Months~~. This is an estimate of certain funds needed to cover your business (not personal) expenses during the first three (3) months of operation of the Studio. These expenses include initial personnel wages; ongoing purchases of equipment and supplies; marketing expenses/fees and local advertising; utilities; and repairs and maintenance. Your cost will depend upon your management skill, experience and business acumen; local economic conditions; the prevailing wage rate; competition; and sales of the Studio during the period. This estimate is based on: (i) the experience of opening and commencing operations of ~~the E~~existing Studios;(ii) our experience in franchising since our inception and the experience of our System franchisees based on reports and other information they provide (iii) the experience of our ~~sister~~affiliate brands in developing other fitness concepts and information related to their respective studio investment costs; and (iv) current estimates we have received from our Approved Suppliers and other ~~third party~~third-party vendors. The availability and terms of financing to you will depend upon factors such as the availability of financing in general, your credit-worthiness, the collateral security that you may have, and policies of lending institutions concerning the type of business you operate. This estimate does not include any finance charge, interest, or debt service obligation.

[16] **Total Estimated Initial Investment**. All of the above figures are estimates of certain initial start-up expenses. As noted above, it is not all-inclusive, and we cannot guarantee you will not have additional expenses

in starting or operating the Studio. The total listed above does not include compensation for your time or labor or any return on your investment. Your costs will vary depending on such factors as: ~~the location and size of the Studio,~~ how closely you follow the System; your management and marketing skills, experience and general business ability; and local and general economic ~~and market~~ conditions, including disposable income. You should review these figures carefully with a business advisor (such as an accountant) before making any commitments. In preparing ~~each of~~ the ~~ranges and~~ figures in ~~this~~these charts, we relied on the experience of: (i) us and our affiliates in ~~opening~~owning and operating ~~a System Studio in Pasadena, California~~Studios utilizing the Marks and System; (ii) ~~the experience of~~ our ~~System~~ franchisees ~~to date in connection with their development and/or opening of their respective Franchised Businesses; (iii) the experience of our sister brands in developing other fitness concepts and information related to~~that have developed Studios, with a particular focus on those franchisees that have opened using certain new components and standards that were integrated into the System; and (iii) our Affiliate Prior Franchisors' experience with their respective ~~studio investment costs; and (iv) current estimates we have received from our Approved Suppliers and other third party vendors~~brands.

~~B.~~ Development Agreement (Using Example of Franchise Award to Develop 3 Traditional Studios)

~~TYPE OF EXPENDITURE~~[1]Type of Expenditure[1]	Amount	Method ~~OF~~of Payment	When Due	To Whom ~~PAYMENT IS TO BE MADE~~Payment Is to be Made
Development Fee[2]	$135,000	Lump sum, in cash, certified check or bank wire	~~At~~Upon signing of the Development Agreement.	Us
Initial Investment to Open Initial ~~Franchised Business~~[3]Studio[3]	$~~312,412 to~~319,990 - $~~473,512~~494,690	See ~~Chart~~Table A of this Item 7, less the Initial Franchise Fee.		
TOTAL ~~ESTIMATED INITIAL INVESTMENT~~[3]	$~~447,412 to~~454,990 - $~~608,512~~629,690	This is the total estimated initial investment to enter into a Development Agreement for the right to develop three (3) total franchised Studios, as well as the costs to open and commence operating your initial ~~Franchised Business (~~Studio for the first three months from a traditional site, as described more fully in ~~Chart~~Table A of this Item 7~~)~~. See Note 3.		

Notes to Table ~~B in Item 7~~C:

[1] General. All amounts payable to us are nonrefundable, unless otherwise noted. Amounts payable to suppliers/vendors are refunded according to arrangements you make with the vendor, if any. These figures are estimates of the range of your initial costs in the first three months of operating the initial ~~Franchised Business~~Studio you are granted under your Development Agreement only.

[2] Development Fee~~. The Development Fee is non-refundable~~. The Development Fee is described in greater detail in Item 5 of this Disclosure Document, and this Development Fee is for the right to open and operate a total of three ~~Franchised Businesses~~Studios (provided you comply with your development obligations under the Development Agreement). If you choose to open more than three Studios, ~~Y~~your Development Fee will be calculated as follows: (i) $45,000 per ~~Franchised Business~~Studio if you are awarded the right to develop between three and five ~~Franchised Businesses~~Studios; (ii) $40,000 per ~~Franchised Business~~Studio if you are

awarded the right to develop between six and nine ~~Franchised Businesses~~Studios; and (iii) $35,000 per ~~Franchised Business~~Studio if you are awarded the right to develop 10 or more ~~Franchised Businesses~~Studios.

[3] Initial Investment for Initial ~~Franchised~~ Studio (from Traditional Site). This figure represents the total estimated initial investment required to open and commence operating the first ~~Franchised Business~~Studio you agreed to develop under your Development Agreement. You will be required to enter into our then-current form of franchise agreement for the initial ~~Franchised Business~~Studio you ~~open~~develop under your Development Agreement, most likely once you have found a ~~P~~premises for the ~~business~~Studio that we approve. The range includes all the items outlined in ~~Chart~~Table 7.A. of this Item, except for the $60,000 Initial Franchise Fee (because you are not required to pay an Initial Franchise Fee for those ~~Franchised Businesses~~Studios you ~~open~~develop under the Development Agreement). It does not include any of the costs you will incur in opening the additional ~~Franchised Business(es~~Studio(s) that you are ~~granted~~awarded the right to ~~open and operate~~develop under your Development Agreement. Please recall that each Studio you commit to open and commence operating under your Development Agreement must be a traditional Studio (and not a Non-Traditional Studio).

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

You must operate all aspects of your ~~Franchised Business~~Studio in strict conformance with the methods, standards and specifications of our System. Our methods, standards, and specifications will be communicated to you in writing through our confidential Manual~~s~~ and other proprietary guidelines and writings that we prepare for your use in connection with the ~~Franchised Business~~Studio and System. We may periodically change our System ~~s~~Standards~~ and specifications from time to time upon written notice to you (as an update to the Manuals or otherwise)~~, as we deem appropriate or necessary in our sole discretion~~.~~, and ~~Y~~you will be solely responsible for costs associated with complying with any modifications to the System.

Approved Products and Approved Services

You may only market, offer, sell and provide the Approved Services, as well as any related merchandise and other products that ~~Franchisor~~we authorize~~s~~ for sale in conjunction with the Approved Services (the "Approved Products") at your ~~Franchised Business~~Studio in a manner that meets our System ~~s~~Standards~~ and specifications~~. We will provide you with a list of our then-current Approved Products and Approved Services, along with ~~their~~our System ~~s~~Standards~~ and specifications~~, as part of the Manual~~s~~ or otherwise in writing prior to the opening of your ~~Franchised Business~~Studio. We may update or modify this list in writing at any time.

If you wish to offer any product or service in your ~~Franchised Business~~Studio other than our Approved Products and Approved Services, or use any item in connection with your ~~Franchised Business~~Studio that does not meet our System ~~s~~Standards~~ and specifications~~, then you must obtain our prior written approval as described more fully in this Item.

Approved Suppliers

We have the right to require you to purchase any items or services necessary to operate your ~~Franchised Business~~Studio from a supplier that we approve or designate (each, an "Approved Supplier"), which may include us or our affiliate(s). We will provide you with a list of our Approved Suppliers in writing as part of the Manual~~s~~ or otherwise in writing, and we may update or modify this list as we deem appropriate.

Currently, we have Approved Suppliers for the following items that you must purchase in connection with the establishment and/or operation of your ~~Franchised Business~~Studio: (i) Pre-Sale and Soft Opening ~~Retail~~ Inventory~~;~~ Package (ii) the Initial ~~Buildout Package, including SMS~~FFE Package; (iii) the ~~Authorized Coach Training that your coaches must complete to become Authorized Coaches (and related materials); (iv) designated~~

~~treadmills~~Exercise Equipment Package and certain other ~~exercise~~ equipment/supplies; (~~v~~iv) interior graphics and exterior signage; (~~vi~~v) insurance coverage; (vi~~i~~) shipping and installation services; (vii~~i~~) training materials, including the "Webinar Training" associated with the Authorized Coach Training~~; (ix) counsel to review and negotiate potential leases; and (x) the Required Software~~ Program; (viii) certain music licenses you may need in order to play certain music in connection with your Studio operations (subject to prior disclosure regarding your sole obligation to investigate and comply with all music licensing requirements); and (ix) POS System and then-current software we require you to use in connection with that POS System and your Studio, including, without limitation, any software and technology we determine to provide to you as part of our System in connection with your then-current Technology Fee.

~~Currently, we and our affiliates: (i) are the only Approved Supplier for the Pre-Sale and Soft Opening Retail Inventory Package and Initial Buildout Package and the technology services/components that are provided in connection with our current Technology Fee; and (ii) will be the only party that can provide (a) the remote training program for Authorized Coach Training sessions that can be completed remotely by a prospective coach, or (b) any other Authorized Coach Training that is provided by a Master Trainer at your franchised Studio or otherwise, unless the Master Trainer is supplied or provided a System franchisee's Master Trainer. As of the Issue Date, we will be Approved Supplier of all of certain components the Fitness Equipment and Other FFE Package that we expect, and our standard franchise offering assumes, will be acquired via a lease-to-own or similar program with one or our designated Approved Suppliers or an alternate provider that we approve consistent with the procedure detailed more fully below in this Item 8.~~

We may develop proprietary products for use in your ~~Franchised Business~~Studio, including private-label products that bear our Marks, and require you to purchase these items from us or our affiliate(s).

If you wish to purchase a product or service that we require you to purchase from an Approved Supplier from an alternate source, then you must obtain our prior written approval as outlined more fully in this Item. We may provide our System ~~s~~Standards ~~and specifications~~ for our Approved Products and Approved Services directly to our Approved Suppliers~~,~~ and may provide these System ~~s~~Standards ~~and specifications~~ to an alternative supplier you propose if: (i) we approve the supplier in writing as outlined more fully in this Item; and (ii) the alternative supplier agrees to sign our prescribed form of non-disclosure agreement with respect to any ~~c~~Confidential ~~i~~Information we disclose.

~~Except as provided above in this Item: (i)~~As of the date of this Disclosure Document: (i) other than the Pre-Sale and Soft Opening Inventory Package, Initial FFE Package (including related services), and the technology services we provide in exchange for our-then current Technology Fee, neither we nor any of our affiliates are an Approved Supplier for any items you are required to purchase in connection with your Studio as part of our standard Franchise~~d~~ ~~Business~~offering; and (ii) none of our officers own an interest in any of our Approved Suppliers other than us. If you determine to outright purchase your Exercise Equipment Package rather than lease that equipment from one of our Approved Suppliers for such leasing services, we may designate ourselves or our affiliate as the Approved Supplier for that package.

We ~~reserve the right to~~may designate us or any of our affiliates as an Approved Supplier with respect to any other item you must purchase in connection with your ~~Franchised Business~~Studio in the future.

Required Purchases and Right to Derive Revenue

The products or services we require you to purchase or lease from an Approved Supplier, or purchase or lease in accordance with our System ~~s~~Standards~~ and specifications~~, are referred to collectively as your "Required Purchases." We estimate that your ~~r~~Required ~~p~~Purchases~~, purchases from Approved Suppliers and purchases that must meet our specifications~~ in total will be about 70% ~~-~~to 95% of your total purchases to establish the Studio and about 15% ~~-~~to 50% of your purchases to continue the operation of the Studio. Please be advised that these percentages do not include the lease payments that you make in connection with your ~~premises~~Studio.

We ~~and our affiliates reserve the right to~~may derive revenue from any of the purchases ~~(items or services)~~ that our System franchisees are required to make in connection with the ~~Franchised Business.~~

Studio. We are in our first fiscal year and have derived no revenue or other consideration on account ~~As~~ of our ~~past fiscal year ending December 31, 2021, we derived $2,695,903 on account of our~~ System franchisees' ~~r~~Required ~~p~~Purchases~~, or 83% of the total revenue we generated over our past fiscal year amounting to $3,234,400.~~ . During its prior fiscal year ended December 31, 2022, Predecessor derived revenue of $2,401,249 on account of its franchisees' Required Purchases, or 59.1% of its total revenue of $4,059,478.

Non-Approved Products/Services and Alternate Supplier Approval

We may, but are not obligated to, grant your request to: (i) offer any products or services in connection with your ~~Franchised Business~~Studio that are not Approved Products and Approved Services; or (ii) purchase any item or service we require you to purchase from an Approved Supplier from an alternative supplier.

If you wish to undertake either of these actions, you must request and obtain our approval in writing before: (i) using or offering the non-approved product or service in connection with your ~~Franchised Business~~Studio; or (ii) purchasing from a non-approved supplier. You must pay us our then-current ~~supplier (currently, $500 per day per person engaged in the evaluation) or~~ non-approved product or supplier evaluation fee when submitting your request, as well as cover our costs incurred in evaluating your request. We may ask you to submit samples or information so that we can make an informed decision whether the goods, equipment, supplies or supplier meet our specifications and quality standards. In evaluating a supplier that you propose to us, we consider not only the quality of the particular product at issue, but also the supplier's production and delivery capability, overall business reputation and financial condition. We may provide any alternate supplier you propose with a copy of our then-current specifications for any product(s) you wish the supplier to supply, provided the supplier enters into a confidentiality and non-disclosure agreement in the form we specify. We may also inspect a proposed supplier's facilities and test its products and/or services, and request that you reimburse our actual costs associated with the testing/inspection.

We will notify you in writing within ~~thirty (~~30~~)~~ days after we receive all necessary information and/or complete our inspection or testing to advise you if we approve or disapprove the proposed item and/or supplier. The criteria we use in approving or rejecting new suppliers is proprietary, but we may (although are not required to) make it available to you upon request. Each supplier that we approve must comply with our usual and customary requirements regarding insurance, indemnification and non-disclosure. If we approve any supplier, we will not guarantee your performance of any supply contract with that supplier under any circumstances. We may re-inspect and/or revoke our approval of a supplier or item at any time and for any reason to protect the best interests and goodwill of our System and Marks. The revocation of a previously approved product or alternative supplier is effective immediately when you receive written notice from us of revocation and, following receipt of our notice, you may not place any new orders for the revoked product, or with the revoked supplier.

Purchasing Cooperatives and Right to Receive Compensation

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and Approved Suppliers on behalf of the System. We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Studios in our System. If we do establish those types of alliances or programs, we may: (i) limit the number of ~~a~~Approved ~~s~~Suppliers with whom you may deal; (ii) designate sources that you must use for some or all products, equipment and services; and (iii) refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System.

We and/or our affiliates~~(s)~~ may receive payments or other compensation from Approved Suppliers or any other suppliers on account of these suppliers' dealings with us, you, or other ~~Franchised Businesses~~Studios in the System, such as rebates, commissions or other forms of compensation, which may comprise of fixed payments and/or percentages of overall sales transactions. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees.

We ~~reserve the right to~~may create additional purchasing cooperatives in the future. We may negotiate volume purchase agreements with some vendors or Approved Suppliers for the purchase of goods and equipment needed to operate the Studio.

Franchisee Compliance

When determining whether to grant new or additional franchises, we consider many factors, including your compliance with the requirements described in this Item 8. You do not receive any further benefit as a result of your compliance with these requirements.

Insurance

As a ~~f~~Franchise owner, you are required to obtain and maintain, at your sole expense, the required insurance coverages as prescribed in your Franchise Agreement and/or our Manual~~s~~. We may amend, modify, supplement or otherwise change the coverages or policies required below ~~up to~~upon thirty (30) day~~'~~s' written notice to you (or such a shorter period of time that we determine appropriate if a health/safety or infringement-related issue) via the Manual~~s~~ or otherwise. While the specifications and standards for such coverages may vary depending on the size of your Studio and/ or other factors, such as what is customary for businesses of your type in your area, as of the Issue Date, we typically require the following in connection with a ~~franchised~~ Studio opened in a traditional site:

1. Commercial General Liability insurance covering your day-to-day business operations and premises liability exposures with limits not less than the following:

a.	Each Occurrence:	$1,000,000
b.	General Aggregate:	$5,000,000 (per ~~location~~Studio)
c.	Products Completed Operations Aggregate:	$5,000,000
d.	Personal and Advertising Injury:	$1,000,000
e.	Participant Legal Liability:	$1,000,000
f.	Professional Liability:	$1,000,000
g.	Damage to Premises Rented to You:	$1,000,000
h.	Employee Benefits Liability (each employee):	$1,000,000
i.	Employee Benefits Liability (aggregate):	$2,000,000
j.	Medical Expense (any one person):	$5,000
k.	Sexual Abuse and Molestation: included (not excluded)	

Such insurance shall include coverage for contractual liability (for liability assumed under an "insured contract"), products-completed operations, personal and advertising injury, premises liability, third party property damage and bodily injury liability (including death).

~~2.~~ **2.** **Automobile Liability** insurance covering liability arising out of your use, operation or maintenance of any auto (including owned, hired, and non-owned autos, trucks or other vehicles) in connection with your ownership and operation of the franchise, with limits not less than the minimum compulsory requirements in your state (note: it is highly recommended to maintain a least $1,000,000 each accident combined single limit for bodily injury and property damage). This requirement only applies to the extent that owned, leased or hired/rented vehicles are used in the operation of the ~~f~~Franchise.

~~3.~~ **3.** **Workers Compensation** insurance covering all of your employees with statutory coverage and limits as required by state law. Such insurance shall include coverage for Employer's Liability with limits not less than $500,000 each accident, $500,000 disease – each employee, and $500,000 disease – policy limit.

4. **Property** insurance written on a special causes of loss coverage form with limits not less than the current replacement cost of the Studio's business personal property (including furniture, fixtures and equipment) and leasehold improvements (tenant improvements). Such Property insurance shall include glass coverage with limits not less than $25,000, signage coverage with limits not less than $10,000, and business interruption/extra expense coverage with limits not less than twelve months of rent.

5. **Employment Practices Liability** insurance with limits of not less than $1,000,000 per claim in the aggregate, with a retention not larger than $25,000, providing defense and coverage for claims brought by any of your employees or other personnel alleging various employment-related torts. Said policy shall also include Third Party Employment Practices Liability coverage.

Your policies must be written by an insurance company licensed in the state in which you operate the Studio and the insurance company must have at least an "A" Rating Classification as indicated in A.M. Best's Key Rating Guide. Us~~,~~ as well as ~~our Parent~~Assetco and subsidiaries/affiliates~~,~~ shall be included as Additional Insureds on Studio's Commercial General Liability policy.

Computer System and Related Equipment

You must purchase the ~~c~~Computer ~~s~~System that we specify, including computer hardware, software, ~~point of sale~~POS ~~s~~System, inventory control systems, and high-speed network connections (collectively, the "Computer System"), as well as the audio-visual equipment comprising the AV Package, including speakers, cabling, mounts and other related equipment that we specify. The component parts of the Computer System and AV Package must be purchased from ~~a~~Approved ~~s~~Suppliers. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must sign any software license agreements that we or the licensor of the software require and any related software maintenance agreements. The Computer System is described in more detail in Item 11 of this Disclosure Document.

ITEM 9~~ITEM 9~~
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the ~~f~~Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of the Disclosure Document.

Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
a. ~~a.~~ Site Selection and acquisition/lease	Sections 1.2, ~~6.1, 6.2,~~7.1 and 7.2, and ~~7.3 of Franchise Agreement~~Exhibit 4	Section ~~8~~2.D	Items 11 and 12
b. ~~b.~~ Pre-opening purchases/leases	Sections 5.4, 6.1, ~~6.2, 7.2,~~and 7.3~~ and 8.4 of Franchise Agreement~~	~~Section 8~~Not Applicable	Items 5, 7 and 8
c. ~~c.~~ Site development and other pre-opening requirements	Article 7 and Sections 6.1, 6.2, ~~7.1~~ and ~~7.3 of Franchise Agreement~~9.2	~~Section 3~~Article 2	Items 6, 7 and 11
d. ~~d.~~ Initial and ongoing training	Sections ~~5.8~~5.5 and ~~6.3 of Franchise Agreement~~6.2	Not Applicable	Items 6, 7 and 11
e. ~~e.~~ Opening	Sections 2.2 and ~~6.9 of Franchise Agreement~~6.1	Section ~~3, Exhibit B~~2.C	Item 11
f. ~~f.~~ Fees	Article 5 and Sections ~~3.2.F., 5~~6.2, 9.1, 9.2, and ~~14.2 of~~ 9.4~~Franchise Agreement~~	Section ~~9~~2.3, Article 4	Items 5 and 6
g. ~~g.~~ Compliance with standards and policies / Operating Manual	Article 4 and Sections 1.2, ~~2.2~~6.3, ~~4.2, 6.4, 6.6, 6.7~~6.5, 7.1, 7.3, ~~7.4~~8.1, 8.4, and 8.7 ~~and 9.3 of Franchise Agreement~~	Section ~~3~~2.D	Item 11
h. ~~h.~~ Trademarks and proprietary information	~~Sections 1.1,~~Article 4~~,~~ and Section 12.1~~, 15.1 and 15.3 of Franchise Agreement~~	~~Section 13~~Article 5	Items 13 and 14
i. ~~i.~~ Restrictions on products/services offered	Sections ~~1.3~~5.4, ~~2.1~~6.5, ~~2.2, 7.1, 8.1~~ and 8.4~~ of Franchise Agreement~~	Not Applicable	Items 8 and 16
j. ~~j.~~ Warranty and customer service requirements	Sections 8.3 ~~of Franchise Agreement~~and 8.5	Not Applicable	Not Applicable
k. ~~k.~~ Territorial development and sales quotas	Section~~s~~ ~~1.3 and 8.8 of Franchise Agreement~~8.7	Sections ~~1, 3,~~2.C and 2.D and Exhibit ~~B~~A	Item 12
l. ~~l.~~ Ongoing product/service purchases	Article 9 and Sections 5.9 and 8.4~~ and 10.3 of Franchise Agreement~~	Not Applicable	Items 8 and 11

Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
m. ~~m.~~ ~~–~~Maintenance, appearance and remodeling requirements	Section~~s~~ ~~3.2.D. and 7.4 of Franchise Agreement~~7.1	Not Applicable	Items 6 and 17
n. ~~n.~~ Insurance	Section 10.4~~ of Franchise Agreement~~	Not Applicable	Items 6, 7 and 8
o. ~~o.~~ Advertising and Fund	Article 9 and Section~~s~~ 5.6~~ and 9 of Franchise Agreement~~	Not Applicable	Items 6 and 11
p. ~~p.~~ Indemnification	Section 11.2~~ of Franchise Agreement~~	~~Not Applicable~~Section 7.B	Item 6
q. ~~q.~~ Owner's participation/ management/staffing	Sections 2.2, 8.3~~ and~~, 8.6 ~~of Franchise Agreement~~and 8.7	~~Section 7~~Article 1	Item 15
r. ~~r.~~ Records and reports	Section~~s~~ 10.1~~ and 10.3 of Franchise Agreement~~	~~Not Applicable~~Article 10	Item 11
s. ~~s.~~ Inspections and audits	Sections 8.2 and 10.2~~ of Franchise Agreement~~	Not Applicable	Items 11
t. ~~t.~~ Transfer	~~Section~~Article 14 ~~of Franchise Agreement~~	~~Section 16~~Article 9	Items 6 and 17
u. ~~u.~~ Renewal	Section 3.2 ~~of Franchise Agreement~~	Not Applicable	Item 17
v. ~~v.~~ Post-termination obligations	~~Sections 13.1~~Article 13 and Section 15.3~~ of Franchise Agreement~~	Section~~s~~ ~~14, 15~~8.C	Item 17
w. ~~w.~~ Non-competition covenants	~~Sections 12.2 and 13 of Franchise Agreement~~ Article 13	~~Section 11~~Article 6	Item 17
x. ~~x.~~ Dispute resolution	~~Section~~Article 16~~ of Franchise Agreement~~	~~Sections 21, 22~~Article 12	Item 17
y. Guaranty	Exhibit 4	Exhibit B	Item 1, Exhibit D

ITEM 10~~ITEM 10~~
FINANCING

We offer indirect financing through the third-party providers described below for certain amounts due under the Franchise Agreement. The third-party providers listed below sponsor our annual franchise convention which we share with our affiliate franchisors listed ~~under the (“Franchisors” heading~~ in Item 1~~)~~ at a minimum level of $10,000. In addition, Amerifund pays us a $500 rebate per deal they finance. We do not guarantee your note, lease or any other obligation. We do not offer direct financing and as such it is not our practice or intent to sell, assign, or discount any financing arrangement. As security for the performance of your obligations under the Franchise Agreement, including payments owed to us for purchases by you, you must grant us a security interest in all of the assets used in the operation of the Studio. If you are an entity, then one (1) or more of your owners may be required to guarantee the repayment obligations in connection with the program, as the provider determines appropriate.

Item(s) Eligible for Program	Source of Financing or Lease-to-Own Program	Down Payment	Amount Financed	Term	Interest Rate	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Pre-Sales and Soft Opening ~~Retail~~ Inventory Package~~ & Fitness,~~ Exercise Equipment Package, and ~~Other~~Initial FFE Package~~, which includes furniture, millwork, equipment, and shipping~~.	Amerifund	0% to 20%	$246,000	2 to 5 years	5.9% to 18%	Varies based on amount financed, down payment, term, and interest rate	None	Lien on financed equipment only; no additional collateral required	Unpaid balance	Lender will repossess equipment and schedule payment plan for balance due. If lender is able to resell equipment, resale price will be applied to balance due.
Pre-Sales and Soft Opening ~~Retail~~ Inventory Package~~ & Fitness,~~ Exercise Equipment Package, and ~~Other~~Initial FFE Package~~, which includes furniture, millwork, equipment, and shipping~~.	MacroLease	0% to 20%	$246,000	3 to 4 years	6.5% to 8.5%	Varies based on amount financed, down payment, term, and interest rate	Eligible to prepay after first year; sliding scale thereafter. Maximum penalty of 3%	May require: personal guaranty; lien on equipment financed; lien on business; personal assets as collateral	Lender may repossess equipment and seek relief based on guaranteed assets and personal assets	No right of offset, defense or counterclaim of any kind against Macrolease; no preclusion from taking action against third parties, as long as that action does not impact payment obligation to Macrolease.

Item(s) Eligible for Program	Source of Financing or Lease-to-Own Program	Down Payment	Amount Financed	Term	Interest Rate	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Pre-Sales and Soft Opening ~~Retail~~ Inventory Package ~~& Fitness~~, Exercise Equipment Package, and ~~Other~~Initial FFE Package~~, which includes furniture, millwork, equipment, and shipping~~.	Navitas	First and last months' payments	$246,000	1 to 5 years	8.9%	Varies based on amount financed, term, and interest rate	Sliding scale; total of all payments in first year; principal balance plus 0% to 5% thereafter	Lien on financed equipment; personal guaranty	Unpaid balance	Lender can repossess and resell equipment

ITEM 11~~ITEM 11~~

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

A. ~~A.~~ Pre-Opening Assistance

~~**Franchise Agreement**~~

Before you open ~~the~~your Studio:

1. ~~1.~~ We will provide you (or, if you are an entity, your ~~Designated~~ Operat~~or~~ing Principal), as well as your Designated Manager (if appointed) ~~with the respective~~of your Studio, with our proprietary ~~i~~Initial ~~t~~Training ~~that such individuals are required to attend and~~Program, that at least you (or, if appropriate, your Operating Principal) will need to complete prior to opening your ~~Franchised Business~~Studio. We will typically provide the Initial Training Program ~~to you and your designated trainees~~ within the thirty (30) days ~~preceding~~prior to your Studio opening, but that timing will be subject to the availability and schedules of our training personnel. We will provide ~~this~~the Initial Training Program at our corporate headquarters or other training facility we designate~~, and this initial training (as well as other training provided by us in connection with your Studio) is~~. (Franchise Agreement, Article 5). We will also provide you or another individual you designate as your prospective Authorized Coach with our Authorized Coach Training Program as described more fully below in this Item~~ under the heading "Training."~~. (Franchise Agreement, Section ~~6.3). We will also provide the Authorized Coach Training to the initial coaches that wish to become Authorized Coaches and provide the Approved Services at your Studio prior to the opening of your Studio, provided you or the coach pay our then-current Coach Training Tuition. Other than the training obligations set forth in Item 11, you will be responsible for hiring and training all other Studio employees.~~5.5)

2. ~~2.~~ If the Authorized Location for your Studio has not been identified at the time the Franchise Agreement is signed, we will work with you to designate a geographical area within which you must secure an Authorized Location for your Studio ("Designated Market Area"). (Franchise Agreement, Section ~~1.3). We will also comply with our obligations with respect to site selection assistance and site approval as set forth more fully below in this Item under the heading "Site Selection Assistance and Time to Open."~~1.2).

3. ~~3.~~ ~~Prior to you attending your required initial training~~Concurrently with the execution of your Franchise Agreement, we will loan you one ~~(1)~~ copy of the Manual, which contains mandatory and suggested specifications, standards and procedures. The Manual is confidential and remains our property. We may modify the Manual. (Franchise Agreement, Section ~~6.4~~6.3). The Table of Contents of the Manual is attached to this Disclosure Document as Exhibit ~~E~~F. The primary portion of the Manual currently consists of 94 pages.

4. ~~4.~~ ~~Within 30 calendar days of execution of your Franchise Agreement, we~~We will provide you (through the Manual or otherwise) with specifications for the layout and design of the Studio (Franchise Agreement, Sections ~~6.2, 7.1~~6.1 and ~~7.3~~6.3).

5. ~~5.~~ ~~Within 30 calendar days of execution of your Franchise Agreement, we~~We will provide you (through the Manual or otherwise) with a list of the ~~ergometers,~~ fitness equipment and gear, standard fixtures, furnishings, supplies, and signs to be used in the Studio, as well as ~~certain other Required Items and~~ a list of Approved Suppliers (Franchise Agreement, Section ~~6.6~~6.5).

6. We will provide you with the Pre-Sale and Soft Opening Inventory Package and Initial FFE Package at the time(s) we determine appropriate prior to your opening, provided you have timely paid for each of these items as required by your Franchise Agreement and as described more fully in this Disclosure Document. We may also work with the Approved Supplier from which you determine to lease the Exercise Equipment

Package and our other Approved Suppliers for installing and shipping the same to provide you with that package, or, should you elect not to purchase the Exercise Equipment Package outright, provide you with that package or facilitate your acquisition of the same from an Approved Supplier. (Franchise Agreement, Article 6).

~~6. We may, as of the Issue Date, serve as the source and reseller of all or certain components of the Fitness Equipment and Other FFE Package that we strongly recommend, and our standard franchise offering assumes, will be acquired via a lease-to-own or similar program that our System franchisees have worked with to date and/or other provider of such programs that we approve. We may also modify our then-current source of this Package in the future upon written notice in the Manuals or otherwise. We will also provide you with the Retail Inventory Package for Presale and Soft Opening. Currently, these items are purchased directly from us, but we reserve the right to designate another approved supplier in our sole discretion. We do not provide written specifications for the items comprising the Fitness Equipment and Other FFE Package or Retail Inventory Package for Presale and Soft Opening other than those descriptions that are included in the Manual, and we will condition our provision of these items on your timely payment of the appropriate amounts described in Item 5 of this Disclosure Document. (Franchise Agreement, Section 5.4).~~

7. ~~6.~~ We will license you the use of ~~our trademarks~~the then-current Marks we designate for use in connection with Studios (Franchise Agreement, Sections 4.1 and 4.2).

8. ~~7.~~ We will consult and advise you on the advertising, marketing and promotion ~~associated with~~for the grand opening of ~~your Studio, as described more fully below in this Item 11~~the Studio, including your implementation of the Pre-Sale and Soft Opening Inventory Package and other pre-sales activity you conduct in coordination with the Opening Support Program provided by our then-current Approved Supplier. (Franchise Agreement, Section~~s~~ ~~6.9 and 9.2~~6.8).

Development Agreement

~~8.~~ If you enter into a Development Agreement, we will designate your Development Area and subsequently review and provide our approval with regards to the premises you propose for each Studio location within the Development Area. (Development Agreement, Section ~~1~~2.A and Exhibit A).

B. ~~B.~~ Site Selection Assistance and Time to Open

Site Selection Assistance

1. Traditional Studio

You must assume all costs, liabilities, expenses and responsibility in connection with: (i) locating, obtaining and developing a ~~P~~premises for your ~~Franchised Business~~Studio; and (ii) constructing, equipping, remodeling and/or building out the ~~P~~premises for use as a ~~Franchised Business~~Studio, all in accordance with our System ~~s~~Standards ~~and specifications~~. If the Authorized Location for your Studio has not been identified at the time the Franchise Agreement is signed, we will assign you a Designated Market Area ~~as previously disclosed in this Item~~. (Franchise Agreement, Section~~s~~ 1.2 ~~and 1.3~~).

We may provide you with: (i) our current written site selection guidelines, to the extent such guidelines are in place, and any other site selection counseling and assistance we determine is appropriate; and (ii) the contact information of any local real estate broker that we have an existing relationship with and that is familiar with our confidential site selection/evaluation criteria, if we know any such brokers in or around the Designated Market Area you are assigned. (Franchise Agreement, Section~~s~~ 1.2~~, 1.3 and 6.1~~). We do not generally own the premises that System franchisees use for their Studio.

Our guidelines for site selection may require that you conduct, at your expense, an evaluation of the demographics of the market area for the location. Ideally, the Authorized Location of your Studio will be a major, national-tenant, anchored commercial retail center that meets our then-current requirements for population density, demographics, available parking, traffic flow and entrance/exit from the site. ~~Our standard franchise offering assumes a Studio size of approximately~~The typical Studio will be at least 2,000 square feet. ~~You are solely responsible for obtaining all required construction/build-out licenses and ensuring the Premises comply with all local ordinances and building codes.~~ (Franchise Agreement, Section ~~6.1~~1.2).

If you locate a site, we will approve or disapprove of the site ~~within 30 days~~ after we receive any and all reasonably ~~requested~~ requested information regarding your proposed site from you. (Franchise Agreement, Section 1.2). We use a software program to evaluate the demographics of a market area for site selection approval. If we cannot agree on a site, we may extend the time for you to obtain a site, or we may terminate the Franchise Agreement.

We ~~must~~ also have the right and opportunity to review ~~and approve/reject~~ any lease or purchase agreement for a proposed location before you enter into such an agreement. We may condition our approval of a given premises as an Authorized Location for your Studio on a number of conditions, including: (i) the ~~inclusion of~~lease for such location including the terms outlined in Section 7.2 of the Franchise Agreement and Exhibit ~~5 to the Franchise Agreement, as well as~~4, including any Collateral Assignment of Lease as set forth in our then-current Manual~~s~~, to the Franchise Agreement in the lease for the location; and (ii) receiving a written representation from the landlord of the proposed ~~P~~premises that you will have the right to operate the Studio, including offering and selling the Approved Products and Approved Services, throughout the term of your Franchise Agreement. (Franchise Agreement, Sections 2.2~~(~~.C~~)~~ and 7.2, and Exhibit ~~5~~4).

You must secure an Authorized Location that we approve within ~~six (6) months~~90 days of executing your Franchise Agreement for that ~~Franchised Business~~Studio or we may terminate that Franchise Agreement. (Franchise Agreement, Section 1.2).

2. Non-Traditional Studio

If you enter into a Franchise Agreement with us for the right to operate a Non-Traditional Studio, we expect that we will be approving and designating the Non-Traditional Site as your Authorized Location in the governing form of Franchise Agreement at the time it is executed. As such, you will typically be required to enter into the appropriate form of agreement to occupy the Non-Traditional Site with the party that has the right to license the approved space within the host facility at issue at the same time you enter into the Franchise Agreement with us to govern that Non-Traditional Studio.

Time to Open: Franchise Agreement

1. Traditional Studio

We will authorize the opening of your Studio when (i) all of your pre-opening obligations have been fulfilled, (ii) ~~all required~~ pre-opening training has been completed, ~~including Authorized Coach Training that must be completed by at least one (1) Authorized Coach to be able to provide the Approved Services from your Studio,~~ (iii) all amounts due us have been paid, (iv) copies of all insurance policies (and payment of premiums) and all other required documents have been received by us, and (v) all permits have been approved. (Franchise Agreement, Sections 5.4, ~~5.8~~5.5, ~~6.3~~6.2 and 10.4).

The typical length of time between the signing of the Franchise Agreement and the time you open your Studio is approximately three (3) to six (6) months. Your total timeframe may be shorter or longer depending on the time necessary to obtain an acceptable ~~P~~premises, to obtain financing, to obtain the permits and licenses for the construction and operation of the ~~Franchised Business~~Studio, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the ~~Franchised Business~~Studio, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the ~~Franchised Business~~Studio, including purchasing any inventory or supplies needed prior to opening.

You are required to open your ~~Franchised Business~~Studio within six (6) months of executing your Franchise Agreement, but we may agree in writing to provide you with an additional three (3) months to open your Studio if you (a) have already secured an approved premises for your Studio, and (b) are otherwise making diligent and continuous efforts to buildout and otherwise prepare your ~~Franchised Business~~Studio for opening throughout the six (6) month period following the execution of your Franchise Agreement. If you do not open your Studio within the time period set forth in the Franchise Agreement, we will have the option to terminate your Franchise Agreement. (Franchise Agreement, Section~~s 1.2 and~~ 2.2.D).

2. Non-Traditional Studio

Given the Non-Traditional Site will be designated at the time the Franchise Agreement is executed, you must open your Studio to offer and provide Approved Services and Approved Services from the approve space within the Non-Traditional Site within three (3) months of signing that Franchise Agreement. We expect that the typical length of time to open a Non-Traditional Studio will be between one (1) and three (3) months from the date your Franchise Agreement is executed. You will be required to open and commence operations of your Studio within three (3) months of the date you execute your Franchise Agreement, unless we agree to a requested extension request you make in writing. If you do not timely open, we will have the right to terminate your franchise rights in connection with that Non-Traditional Studio (Non-Traditional Site Addendum, Section 3).

Time to Open: Development Agreement (if applicable)

If you have entered into a Development Agreement to ~~develop~~open and operate multiple ~~Franchised Businesses~~Studios, your Development Agreement will include a Development Schedule containing a deadline by which you must have each of your ~~Franchised Businesses~~Studios open and operating. (Development Agreement, Exhibit A). ~~We will approve sites for additional Franchised Businesses developed under~~Unless we agree otherwise in a separate writing, you will be required to develop Studios at traditional sites in order to fulfill your Development ~~Agreement using our then-current site selection criteria~~Schedule obligations.

C. ~~C.~~ Our Obligations During the Operation of the ~~Franchised Business~~Studio

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

During the operation of ~~the franchised business~~your Studio:

1. ~~1.~~ We will specify or approve certain equipment and suppliers to be used in ~~the franchised business~~your Studio (Franchise Agreement, Sections ~~6.6~~6.5 and 7.1).

2. ~~2.~~ We will provide additional training to you and any of your ~~personnel~~employees at your request~~, subject to the availability of suitable trainers, including (a) ongoing Authorized Coach Training for new and replacement coaches of your Studio so they can provide the Approved Services as an Authorized Coach, and/or (b) any Master Training you request and we determine appropriate to provide to one (1) of your Authorized Coaches that has demonstrated a high proficiency in providing the Approved Services~~. You are responsible for any and all ~~fees and~~ costs associated with such additional training (Franchise Agreement, Section ~~6.3~~6.2).

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

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

5. We (or our affiliate) will maintain and administer the Fund (Franchise Agreement, Section 9.1).

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

D. ~~D.~~ **Advertising and Marketing**

Advertising Generally~~; Local Advertising Requirement; Co-Ops~~

You are responsible for local marketing activities to attract members to your Studio. We require you to submit samples of all advertising and promotional materials (and any use of the Marks and/or other forms of commercial identification) for any media, including the Internet, ~~World Wide Web~~ or otherwise. You must first obtain our advanced written approval before ~~employing~~ any form of co-branding, or advertising with other brands, products or services. (Franchise Agreement, Section 9.2)

You must strictly follow the social media guidelines, code of conduct, and etiquette as set forth in the Manual regarding social media activities. Any use of ~~S~~social ~~M~~media by you pertaining to the Studio must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. You will promptly modify or remove any online communication pertaining to the Studio that does not comply with the Franchise Agreement or the Manual. (Franchise Agreement, Section 9.3)

~~As part of your material obligations under your Franchise Agreement, you must expend at least $1,500 per month on marketing and advertising materials that we approve in connection with the promotion of your Studio within your Designated Territory (which we refer to as your "Local Advertising Requirement"). Upon our request, you must provide us with an accounting of your monthly expenditures associated with your Local Advertising Requirement, along with invoices and other relevant documentation to support those expenditures. Please be advised that the Local Advertising Requirement is only the minimum amount you must expend each month, and we encourage you to expend additional amounts on the local promotion of your Studio. We are not required to spend any amount on advertising within your Designated Territory.~~

~~As of the Issue Date, we have not yet established a local or regional advertising cooperative and we have not created any advertising council composed of franchisees. We may, in the future, decide to form one or more associations and/or sub-associations of Studios to conduct various marketing-related activities on a cooperative basis (a "Co-Op"). If one or more Co-Ops (local, regional and/or national) are formed covering your area, then you must join and actively participate. All Studios in the designated area may be required to contribute such amounts as are determined from time to time by such Co-Op, which amount shall not exceed the then-current Local Advertising Requirement. Each participating Studio will have one vote in making decisions of the Co-op, but in order to vote the Studio must be in good standing, and all decisions will be subject to our approval. We have the right to establish reasonable procedures for calling and conducting meetings, notices to the participants, and other procedural matters, and will make any governing documents, if any exist, available to you upon request. (Franchise Agreement, Section 9.4).~~

~~*Initial Marketing Spend*~~

~~In addition to the Local Advertising Requirement, you will be required to expend a minimum of $15,000 in connection with the opening of the Franchised Business. You may be required to expend all or some portion of these funds on products/services received from an Approved Supplier we designated or approve, and all materials used in connection with your grand opening campaign must be approved by us if not previously designated for~~

~~use. We expect that you will typically be required to expend these amounts in the 30-60 days prior to opening and in the 30-day period following opening. (Franchise Agreement, Section 9.2).~~

Brand Development Fund

~~We have~~The Fund was established ~~and administer a Fund as previously disclosed in Item 6 of this Disclosure Document~~ to promote ~~the brand, Proprietary Marks, System,~~ Studios and~~/or Approved Services as we determine appropriate in our discretion~~ help promote and develop our System and brand generally. As of the Issue Date, ~~we require~~ your ~~to make a~~ Fund Contribution ~~each payment period amounting to up to~~is two percent (2%) of ~~the~~your Studio's Gross Sales~~ of your Franchised Business. Franchisor will give Franchisee sixty (~~. Fund Contributions will be payable from the earlier of (a) the date your Studio opens, or (b) the date the Studio receives a payment from a client in connection with Approved Services to be provided at any point. We may increase the Fund Contribution upon 60~~)~~ days' written notice ~~before making any modification to this required contribution~~to you. (Franchise Agreement, Sections ~~5.5~~5.6 and 9.1).

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

We (and our affiliates) are not obligated to ensure that Fund activities or dollars are spent equally, on a pro rata basis, either on your Studio, or all Studios in an area. A brief statement regarding the availability of System franchises may be included in advertising and other items produced using the Fund, but we ~~will~~do not otherwise expect to use the Fund ~~to pay~~primarily for any franchise sales or solicitations as of the Issue Date.

~~Reasonable~~We will have the right to make disbursements from the Fund~~ will be made solely for the payment of~~, as we determine appropriate to cover the costs and expenses ~~incurred in connection~~associated with the ~~general~~marketing, advertising and promotion of the brand, Marks~~ and the~~, System, Studio locations and/or the Approved Products and Approved Services, including: the cost of formulating, developing and implementing advertising and promotional campaigns; ~~and~~ the reasonable costs of administering the Fund, including accounting expenses and the actual costs of salaries and fringe benefits paid to our employees engaged in administration of the Fund and/or creation, development and/or placement of any creative and/or implementation of any campaigns associated with the same. The Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the Fund. We may retain independent certified public accountants to prepare an annual audit of the Fund, at the expense of the Fund, and send a copy of the audit to franchisees upon written request. Studios owned by us or our affiliates, if and when operating, are not required to ~~audit our Fund expenditures, but we reserve the right to do so and cover the costs associated with the audit from the Fund. Otherwise, we will prepare and make available to our franchisees, upon written request, a basic accounting of the Fund for a given fiscal year after one hundred and twenty (120) days have passed since that year end. Any company-owned or affiliate-owned Studios we may open will~~ contribute to the Fund at the same rate ~~provided in~~

~~our then-current~~as ~~F~~franchisees~~ Disclosure Document~~. Should the ~~advertising~~Fund ~~c~~Contribution for the System decrease at any time, we have the right to reduce ~~our~~the contribution from ~~company-owned or affiliate-owned~~ Studios owned by us or our affiliates to the rate specified for franchised locations.

We are not required to spend all Fund Contributions in the fiscal year they are received. You agree to participate in all Fund programs. The Fund may furnish you with marketing, advertising and promotional materials; however, we may require that you pay the cost of producing, shipping and handling for such materials.

In ~~our~~the past fiscal year ~~ending~~ended December 31, ~~2021~~2022, we ~~expended~~spent the Fund Contributions ~~made to the Fund~~ as follows: ~~(i) Media and Public Relations – 9%; (ii) Administration and Implementation Costs/Expenses – 71%; and (iii) Internet and/or Digital-Related – 20%.~~5.9% on production, 50.2% on administrative and implementation expenses, 10.9% on media and public relations, 33.0% on Internet-related matters and 0% on other expenses.

Local Advertising Requirement; Co-Ops

As part of your material obligations under your Franchise Agreement, you must expend at least $1,500 per month on marketing and advertising materials that we approve in connection with the promotion of your Studio within your Designated Territory (your "Local Advertising Requirement"). Upon our request, you must provide us with an accounting of your monthly expenditures associated with your Local Advertising Requirement, along with invoices and other relevant documentation to support those expenditures. Please be advised that the Local Advertising Requirement is only the minimum amount you must expend each month, and we encourage you to expend additional amounts on the local promotion of your Studio. We are not required to spend any amount on advertising within your Designated Territory.

We have not yet established any local or regional Co-Op. We may, in the future, decide to form one or more associations and/or sub-associations of Studios to conduct various marketing-related activities on a cooperative basis. If one or more Co-Op(s) (local, regional and/or national) are formed covering your Authorized Location, then you must join and actively participate. You may be required to contribute such amounts as are determined by such Co-Ops. (Franchise Agreement, Section 9.4).

Initial Marketing Spend; Opening Support Program

In addition to the Local Advertising Requirement, you will be required to expend a minimum of $15,000 in connection with pre-opening sales activities and other initial launch promotional activities designed to increase visibility of your Studio within your Designated Territory. You may be required to expend all or some portion of these funds on products/services received from an Approved Supplier we designate or approve, and all materials used in connection with your grand opening campaign must be approved by us if not previously designated for use. We expect that you will typically be required to expend these amounts in the 30 to 60 days prior to opening and in the 30-day period following the opening of your Studio. (Franchise Agreement, Section 9.2).

Your Pre-Sales Phase and Opening Support Program must commence once your real estate lease is signed. The Opening Support Program is provided by our third-party Approved Supplier and is currently overseen by our internal marketing and sales departments. Participation in the Opening Support Program is mandatory, and we may require you to expend certain amounts on services or content that is supplied by one (1) or more of our Approved Supplier(s). The Initial Marketing Spend will not count towards your Local Advertising Requirement..

E. ~~E.~~ **Training**

Initial Training and Programs

~~a.~~ Prior to opening your ~~Franchised Business~~Studio, you must ensure that: (i) you (or ~~your Designated Operator (~~, if you are ~~a business~~an entity, your Operating Principal) completes ~~the Owner/Operator Module of the~~our ~~i~~Initial ~~t~~Training ~~p~~Program ~~described below~~, which will typically last ~~approximately three (3)~~ business days at our corporate headquarters ~~in Irvine, CA~~ or another training facility we designate (most likely in California); and (ii) your Designated Manager (if appointed) attend~~s~~ and complete~~s~~ the Designated Manager ~~Module described below; and (iii) at least one (1) (but most likely 2-7) of your initial coaches complete(s) the Authorized Coach Training necessary to become an Authorized Coach and provide the Approved Services at your Studio (and that all corresponding Coach Training Tuition fees are paid prior to such training being provided). (Franchise Agreement, Section 6.3).~~

~~b.~~ Training Module. ~~We do not charge a tuition or training fee for you (or your Designated Operator or Designated Manager) to attend the appropriate Module of our initial training program below, provided these individuals attend prior to the opening of your Studio. You will be responsible for the costs and expenses associated with these individuals attending this initial training. (Franchise Agreement, Section 5.8).~~

~~c. You will be required to pay the then-current Coach Training Tuition in connection with each individual that you attends the Authorized Coach Training, with our standard franchise offering assuming that:~~

~~(i) You will either have your initial staff of Authorized Coaches complete such training via (a) our proprietary online training program (which may be completed remotely), or (b) one (1) of our Master Trainers that we send to your franchised Studio to provide the Authorized Coach Training to all initial staff of prospective coaches at the same time;~~

~~(ii) each individual that you engage as a contemplated Authorized Coach to attend such training will have already have acquired one of the Third-Party Required Certifications prior to being employed or otherwise engaged by you and attending Authorized Coach Training; and~~

~~(iii) prior to opening and during initial operations, you will have between one (1) and seven (7) Authorized Coaches on-site at your Franchised Business at all times it is open and providing classes or other Approved Services.~~

~~(iv)~~ While there is no specific deadline by which ~~you must complete the applicable module(s) of our initial~~the training~~, the foregoing training~~ above must be completed ~~to our satisfaction~~, you (or, if you are an entity, your Operating Principal) and your Designated Manager (if appointed) must complete all of the training obligations prior to opening your Studio. ~~(Franchise Agreement, Section 6.3)~~

~~(v)~~ In the event you are the owner of multiple Studios or otherwise wish to appoint a third-party individual to manage the day-to-day operations of your ~~Franchised Business~~Studio, then that individual (a "Designated Manager") must (a) attend and complete at least the Designated Manager Module (and, if he/she wishes to provide the Approved Services, the Authorized Coach Training Program described below in this Item), and (b) otherwise be approved by us, before assuming any management responsibility at your ~~Franchised Business~~Studio. (Franchise Agreement, Sections ~~5.8~~5.5 and ~~6.3~~6.2).

~~(vi)~~ We do not charge a tuition or training fee for you ~~(~~or your ~~D~~designated ~~Operator or~~trainees (you or your Operating Principal and Designated Manager (if appropriate)) to attend the ~~appropriate Module of our i~~Initial ~~t~~Training ~~p~~Program below, provided these individuals attend or otherwise complete such training prior to the opening of your Studio. However, we do charge our-then current fee for the Authorized Coach Training Program. You will be responsible for the costs and expenses associated with these individuals attending ~~this initial training~~each program. (Franchise Agreement, Section ~~5.8~~5.5).

~~(vii) We expect to conduct the different Modules of the initial training program on an "as needed" basis and, as of the Issue Date, we do not have a set training schedule. We expect, however, that we will provide training on a quarterly basis to our first set of System franchisees as they are in position to attend such training. We will provide our typical initial training materials, which are generally comprised of the Manuals, remote learning tools and other training/instructional materials and/or presentations, at or prior to you attending the corresponding training described below.~~

~~(viii) You will be responsible for all costs and expenses that you, your management and other designated trainees incur in connection with attending and successfully completing the appropriate training to our satisfaction.~~

Our primary initial training programs as of the Issue Date of this Disclosure Document are described below~~, certain portions of which may be provided via online remote instruction via webinar or similar learning management system~~:

TRAINING PROGRAM(S)

I. Owner/Operator Module (to be completed by Franchisee or Operating Principal)

Owner/Operator Module			
Subject	**Hours of Classroom Training**	**Hours of On-the-Job ~~On-The-Job~~ Training**	**Location**
History and Philosophy	1	0	At our corporate headquarters in Irvine, CA.
Real Estate	2	0	At our corporate headquarters in Irvine, CA.
Construction	1.5	0	At our corporate headquarters in Irvine, CA.
Expectations and Obligations	1	0	At our corporate headquarters in Irvine, CA.
Studio and Equipment Set-Up and Support	1	0	At our corporate headquarters in Irvine, CA.
Stride Class	0	1	At our corporate headquarters in Irvine, CA.
Products	1.5	0	At our corporate headquarters in Irvine, CA.

Owner/Operator Module			
Subject	**Hours of Classroom Training**	**Hours of On-the-Job ~~On-The-Job~~ Training**	**Location**
Intro to Studio Management Software	1.5	0	At our corporate headquarters in Irvine, CA.
Sales and Operations	3.5	0	At our corporate headquarters in Irvine, CA.
Finance	3	0	At our corporate headquarters in Irvine, CA.
Staffing and HR Support	1	0	At our corporate headquarters in Irvine, CA.
Marketing	3	0	At our corporate headquarters in Irvine, CA.
Training Re-Cap and Summation	1	0	At our corporate headquarters in Irvine, CA.
Test	1	0	At our corporate headquarters in Irvine, CA.
TOTAL HOURS FOR OWNER/OPERATOR MODULE	**22**	**1**	

II. Designated Manager Module (if you have a Designated Manager)

Designated Manager Training Module			
Subject	**Hours of Classroom Training**	**Hours of On-the-Job ~~On-The-Job~~ Training**	**Location**
Ingredients of a Successful GM	1	0	At our corporate headquarters in Irvine, CA.
Club Ready Software	3	0	At our corporate headquarters in Irvine, CA.
Prospect Generation	2	0	At our corporate headquarters in Irvine, CA.
Pre-Sale, Soft Open, and Grand Open	1	0	At our corporate headquarters in Irvine, CA.
Retail Sales	1	0	At our corporate headquarters in Irvine, CA.
Teacher Training Sales and Program	1	0	At our corporate headquarters in Irvine, CA.

Designated Manager Training Module			
Subject	**Hours of Classroom Training**	**Hours of On-the-Job ~~On-The-Job~~ Training**	**Location**
Sales Process: Demo Classes and Memberships	4	0	At our corporate headquarters in Irvine, CA.
Marketing	2	0	At our corporate headquarters in Irvine, CA.
Private Training Sales	1	0	At our corporate headquarters in Irvine, CA.
Sales: Roll-Play & Agreement Write-Up	2	0	At our corporate headquarters in Irvine, CA.
Stride Sample Class	1	0	At our corporate headquarters in Irvine, CA.
"What Not to Do"	1	0	At our corporate headquarters in Irvine, CA.
Comprehension Exam	1	0	At our corporate headquarters in Irvine, CA.
TOTAL HOURS FOR DESIGNATED MANAGER MODULE	**21**	**~~Not Applicable~~0**	

III. ~~III.~~ Authorized Coach Training

"Pre-Work" Training~~:~~ Module I			
Subject	**Hours of Classroom Training**	**Hours of On-~~T~~the-Job Training**	**Location**
VIDEO TOPICS: (Watch Prior to Day 1)			
THE SCIENCE OF SPORTS NUTRITION: Hydration 101	~~60 minutes~~1	0	Online/Remote
WOODWAY EDUCATION: Understanding "Dynamic Mode"	~~60 minutes~~1	0	Online/Remote

“Pre-Work” Training~~:~~ Module I			
Subject	**Hours of Classroom Training**	**Hours of On-~~T~~the-Job Training**	**Location**
VIDEO TOPICS: (Watch Prior to Day 1)			
WOODWAY EDUCATION: ~~CURVE~~ Education series (3) -Sports Speed -Functional Fitness -Endurance Programming	~~120 minutes~~ 2	0	Online/Remote
HYPERICE EDUCATION -SMR + Vibration for Warmup and Recovery -Hypervolt Movement Enhancement Course	~~60 minutes~~1	0	Online/Remote
~~Total hours for Module~~TOTAL HOURS FOR MODULE 1 ~~of Coach Training Only~~OF COACH TRAINING ONLY	**5 ~~hours~~**	**~~Not Applicable~~0**	

Authorized Coach Training~~:~~ Module II			
Subject	**Hours of Classroom Training**	**Hours of On-~~T~~the-Job Training**	**Location**
Day 1: In-Studio Practical Learning			
Introductions	0	15 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Questions	0	15 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Creating an Experience	0	30 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program

Authorized Coach Training~~:~~ Module II			
Subject	**Hours of Classroom Training**	**Hours of On-~~T~~the-Job Training**	**Location**
Class Structure by Type	0	1 hour	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
AD Warm Up	0	20 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Sample Class 1	0	45 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Runner's Stretch Protocol	0	15 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Coaching/Cueing Language + Class Etiquette	0	1 hour	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Lunch (if Option No. 1)	0	1 hour	
Teach Back 1	0	10 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Peer Critique + #2 Teach Back 1	0	15 + 10 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Teach Back 2	0	10 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Peer Critique + #2 Teach Back 2	0	15 + 10 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program

Authorized Coach Training: ~~-~~ Module II			
Subject	**Hours of Classroom Training**	**Hours of On-~~T~~the-Job Training**	**Location**
Floor Programming and Demos for Each Class Type	0	1 hour	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
~~Total hours for Module~~TOTAL HOURS FOR MODULE II, ~~Day One Only~~DAY ONE ONLY	**~~Not Applicable~~0**	**8 hours (with any applicable lunch/breaks)**	
Day 2: In-Studio "Instructor development & Teach-Backs"			
Sample Class 2	0	45 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Teach Back "1 + 1s"	0	10 + 15 + 10 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Teach Back "1 + 1s"	0	10 + 15 + 10 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Teach Back "1 + 1s"	0	10 + 15 + 10 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Teach Back "1 + 1s"	0	10 + 15 + 10 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Teach Back "1 + 1s"	0	10 + 15 + 10 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Lunch	0	60 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Exercise Library: Upper Body	0	90 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Exercise Library: Lower Body	0	90 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program

Authorized Coach Training~~:~~ Module II			
Subject	**Hours of Classroom Training**	**Hours of On-~~T~~the-Job Training**	**Location**
Exercise Library: Core	0	90 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
~~Total hours for Module~~TOTAL HOURS FOR MODULE II, ~~Day~~DAY 2 ~~Only~~ONLY	**~~Not Applicable~~0**	**8 hours (lunches and breaks built in)**	
Day 3: In-Studio "Instructor development & Teach-Backs"			
Sample Class 3	0	45 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Teach Back "1 + 1s"	0	10 + 15 + 10 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Teach Back "1 + 1s"	0	10 + 15 + 10 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Teach Back "1 + 1s"	0	10 + 15 + 10 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Teach Back "1 + 1s"	0	10 + 15 + 10 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Teach Back "1 + 1s"	0	10 + 15 + 10 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Lunch	0	60 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Understanding the STRIDE experience	0	90 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Movement, Injury & prevention	0	80 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program
Making playlists	0	90 minutes	Option 1: Hosted at your Studio by a Master Trainer we provide; Option 2: Remote via Online Program

Authorized Coach Training~~:~~ Module II			
Subject	**Hours of Classroom Training**	**Hours of On-~~T~~the-Job Training**	**Location**
~~**Total hours for Module**~~**TOTAL HOURS FOR MODULE II,** ~~**Day**~~**DAY 3** ~~**Only**~~**ONLY**	~~**Not Applicable**~~**0**	**8 hours (lunches and breaks built in)**	
TOTAL HOURS FOR AUTHORIZED COACH TRAINING	**5 hours**	**24 hours**	

~~Mr. Steve Stonehouse will oversee our initial training program. Mr. Stonehouse has three (3) years of experience with our brand while as a "Master Trainer" for both us and the active Studio operations located in Pasadena, California, and Mr. Stonehouse has over twenty (20) years of experience in the topics on which he will be providing instruction. We normally conduct our training monthly, as needed, but we reserve the right to change this schedule based on (a) demand, and (b) the availability of our instructors. Our primary instruction is through hands-on training, videos, the Manual and other instructional materials we prepare specifically for one (1) or more of the initial training programs above in this Item. We may substitute other instructors to provide certain parts of the different initial training modules described in this Item 11, but these individuals will have all completed the appropriate portion of our initial training program on which they provide instruction.~~

Erin Beck will oversee the initial training program and has 8 years of experience in the topics covered in the training program. Erin Beck has been with us since October 2022.

We may substitute other instructors to provide certain parts of the different initial training modules described in this Item 11, but these individuals will have all completed the appropriate portion of the Initial Training Program on which they provide instruction.

On-Site Grand Opening Assistance (Discretionary)

Around the time you first open your Studio, we may send one (1) or more representatives to your Studio to (a) provide assistance and recommendations regarding your opening and initial operations, and/or (b) provide additional or refresher training associated with ~~the Owner/Operator Module and/or Authorized Coach~~any required ~~T~~training described above in this Item, as we deem appropriate in our discretion. If we determine to provide such on-site assistance, ~~then: (i)~~ it will typically last between ~~one (1) to two (2)~~1-2 business days ~~as~~and we ~~determine appropriate in our discretion; and (ii) we reserve the right to~~may require that you cover the costs ~~and expenses that we~~our representatives incur in connection with ~~sending our training personnel to your Studio to provide such discretionary~~such assistance.

We do not generally expect or intend to provide any kind of On-Site Opening Assistance in connection with a Non-Traditional Studio given such Studio rights would only be awarded after you have commenced operations of the traditional Studio that has a Designated Territory encompassing the Non-Traditional Site from which this kind of Non-Traditional Studio is opened and operated.

~~*Authorized Coach Training – Fees and Involvement of Franchisor*~~

~~We may permit you to provide the Authorized Coach Training at your Franchised Business as part of your Approved Services, provided you have an Authorized Coach that has met our then-current criteria to serve as~~

~~a Master Trainer of the Authorized Coach Training. We may modify the Authorized Coach Training in any manner we deem appropriate in the Manuals or otherwise in writing. (Franchise Agreement, Section 6.3).~~

~~As of the Issue Date of this Disclosure Document, the Coach Training Tuition is $1,499/trainee. We will retain the entire tuition paid if the Authorized Coach Training at issue is provided (a) via our online program that can be attended remotely, or (b) by a Master Trainer that we provide/supply to provide that training and instruction. If the Authorized Coach Training is provided by a Master Trainer that is employed or otherwise supplied by a System franchisee, then currently a given tuition shall be remitted as follows: (i) $1,000 payable to us for the intellectual property and training materials associated with the Authorized Coach Training; and (ii) the remaining $499 is retained by the System Studio owner that employs or otherwise supplies the Master Trainer (the "CTT Studio Remuneration").~~

Additional ~~/ Remedial~~ Training in Connection with Operation of the Studio

We may also provide, and require that you (and your ~~Designated~~ Operat~~or~~ing Principal and Designated Manager, as appropriate) attend, up to five (5) days of additional training each year at our designated training facility. We will not charge any training fee in connection with such training that we require you to attend. (Franchise Agreement, Section ~~6.3). We may also require you to attend certain training as part of the actions you must take to cure certain defaults under your Franchise Agreement ("Remedial Training"), and we reserve the right to charge you our then-current Training Fee in connection with such Remedial Training (Franchise Agreement, Section 6.3).~~5.5).

You may request that we provide certain additional or refresher training to you, either at one (1) of our designated training facilities or on-site at your ~~Franchised Business~~Studio. We ~~reserve the right to~~may charge you our then-current ~~T~~training ~~F~~fee based on the number of days of such training that we provide at your request (regardless of location). (Franchise Agreement, Section ~~6.3~~5.5).

In the event you hire any instructors during the ongoing operation of your Studio, they must complete the Authorized Coach Training Program prior to providing any classes or otherwise performing any Approved Services at your Studio.

You will be responsible for the costs and expenses associated with you and your designated personnel attending any such additional training described in this Item. (Franchise Agreement, Section~~s 5.8 and 6.3~~5.5)~~.~~

F. ~~F.~~ Computer System - Hardware and Software; AV Package

You must acquire a computer for use in the operation of the Studio. You must record all of your receipts, expenses, invoices, member lists, class and employee schedules, and other business information promptly in the ~~c~~Computer ~~s~~System and use the software that we specify or otherwise approve. Currently, ~~our Required Software includes: (i) studio~~we have a designated business management software that must be used in connection with your Studio operations, which is an online/web-based program designed for use in connection with~~, among other things,~~ ~~C~~class scheduling, ~~payment~~ processing~~, record~~ member credit and debit card payments, keeping your business records and generating business reports~~; and (ii) software for use by clients of the Studio to help measure and track performance while at the Studio. We reserve the right to modify the Required Software and/or corresponding Approved Suppliers as we determine appropriate upon notice to you~~ among other things. At this time, we have approved no other compatible program but we may do so at our sole discretion. If the Approved Supplier for ~~a given~~the ~~R~~required ~~S~~software changes, you must migrate your operations to the new required software at our direction. The details of these standards and requirements will be described in the Manual or otherwise in writing and may be modified in response to changes in marketing conditions, business operating needs, or technology. (Franchise Agreement, Sections 5.4, ~~5.6~~5.7 and 10.3).

You must allow our approved supplier to upgrade the proprietary database configuration of the required software for the computer in your Studio as we determine necessary. Our ~~A~~approved ~~S~~supplier may provide you periodic updates to maintain the software and may charge a fee for preparing the updates and maintaining the software. There are no limitations on the frequency and cost of the updates. The Computer ~~s~~System is designed to enable us to have immediate, independent access to the information monitored by the Computer ~~s~~System, and there is no contractual limitation on our independent access or use of the information we obtain. (Franchise Agreement, Sections 5.4 and 10.3).

You must purchase~~ or~~, lease, and thereafter maintain~~,~~ such computer hardware and software, dedicated high speed communications equipment and services, dedicated telephone and power lines, modem(s), speakers, and other computer-related accessories or peripheral equipment as we may specify, for the purpose of, among other functions, recording Studio sales, scheduling classes, and other functions that we require. You must provide such assistance as may be required to connect your ~~c~~Computer ~~s~~System with a ~~c~~Computer ~~s~~System used by us. We will have the right, on an occasional or regular basis, to retrieve such data and information from your ~~c~~Computer ~~s~~System as we, in our sole and exclusive discretion, consistent with consumer privacy laws, deem necessary. You must operate your ~~c~~Computer ~~s~~System in compliance with certain security standards specified and modified by us~~, which may be modified at our discretion from time to time~~. In view of the interconnection of ~~c~~Computer ~~s~~Systems and the necessity that such systems be compatible with each other, you expressly agree that you will strictly comply with our System ~~s~~Standards ~~and specifications~~ for all item(s) associated with your ~~c~~Computer ~~s~~System, and will otherwise operate your ~~c~~Computer ~~s~~System in accordance with our System ~~s~~Standards~~ and specifications~~. (Franchise Agreement, Sections 5.4 and 10.3).

To ensure full operational efficiency and optimal communication capability between and among ~~c~~Computer ~~s~~Systems installed by you, us, and other ~~System~~ franchisees, you agree, at your expense, to keep your ~~c~~Computer ~~s~~System in good maintenance and repair, and following our determination that it will be economical or otherwise beneficial to the System to promptly install such additions, changes, modifications, substitutions and/or replacement to your computer hardware, software, communications equipment and services, telephone and power lines, and other computer-related facilities, as we direct.

We ~~reserve the right to~~may require you to update or upgrade any computer hardware or software during the term of the ~~f~~Franchise, and if we choose to do so, there are no limitations on the cost and frequency of this obligation. ~~The approximate cost of~~

~~the~~We estimate that the components of our designated Computer System (including ~~a computer or tablet computer, hardware and software is approximately $1,200 to $2,000~~the AV Package) will cost approximately $46,000 for traditional Studios and $42,000 to $49,000 for Non-Traditional Studios, which we may require you acquire from one (1) or more of our Approved Suppliers. There is no initial fee to obtain the software. The approximate cost of any annual maintenance upgrades or updates or maintenance support contracts varies widely from $0 to $800, which does not include ~~the monthly license fees associated with our Required Software (which are properly disclosed in Item 6 of this Disclosure Document) We reserve the right to implement our own technology support and maintenance service, and charge~~(a) our then-current Technology Fee (currently, $299/month), or (b) the then-current fee charged by our Approved Suppliers for the required software (currently, $129 per month for music licensing; and $145 per month for the POS System), or (c) the fees associated with any other Required Software we designate in the future for use in connection ~~therewith~~with your Studio. We have no obligation to provide ongoing maintenance, repairs, upgrades or updates, and any such obligations would be those of the software licensors.

The Computer System components and ongoing requirements associated with that system will be the same for a Non-Traditional Studio, and you will be required to ensure that the Gross Sales and other financial information associated with that Non-Traditional Studio must be reported separately and distinctly from any other Studio.

ITEM 12~~ITEM 12~~
TERRITORY

Franchise Agreement

Traditional Studio: Authorized Location and Designated Territory

You will operate ~~the~~your Studio at ~~a specific location approved by us (referred to as your "~~the Authorized Location~~")~~. Once you have ~~secured~~identified your Authorized Location and we accept the proposed site, we will ~~provide you a~~designate the Designated Territory around the Authorized Location within which you will have certain protected rights.

You will not be permitted to relocate your Studio without our prior written approval, which may be withheld in our discretion. You will be assessed a relocation fee of $5,000 at the time you submit the proposed location for your relocated Studio. Generally, we do not approve requests to relocate your Studio after a site selection has been made and you have opened for business unless (a) it is due to extreme or unusual events beyond your control, and (b) you are not in default of your Franchise Agreement. If we approve your relocation request, we retain the right to approve your new site location in the same manner and under the same terms that are applied to your first site selection.

Designated Territory

Your Designated Territory will typically contain a maximum of 50,000 people which will be approximately a two-mile radius around your Studio's Authorized Location, unless your Studio is located in a major metropolitan downtown area or similarly situated/populated central business district (a "Central Business District"). If your Studio is located in a Central Business District, your Designated Territory will typically contain up to 50,000 people but may be limited to a geographic area comprised of anywhere from a radius of two blocks to two miles around your Studio, as we deem appropriate in our discretion. The size of your Designated Territory may vary from the territory granted to other franchisees based on the location and demographics surrounding your Studio.

The boundaries of your Designated Territory may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map. If we determine, in our discretion, to base your Designated Territory on population, then ~~T~~the sources we use to determine the population within your Designated Territory will be supplied by (a) the territory mapping software we determine to license or otherwise use, or (b) publicly available population information (such as data published by the U.S. Census Bureau or other governmental agencies and commercial sources). ~~Except in cases where you are in default of your lease, if your Studio is open and operating and you are not in default of any provisions of your Franchise Agreement, you will be permitted to relocate your Studio to a new location within the boundaries of your Designated Territory, subject to the prior written consent and approval of Franchisor.~~

~~If~~As long as you ~~have been granted a~~are in compliance with your Franchise Agreement, we will not operate, or grant a license to a third-party to operate, during the term of your Franchise Agreement, a Studio located within the Designated Territory, ~~neither we nor our affiliates will operate or establish, or license a third party the right to open or operate, another Studio that utilizes the Proprietary Marks and System from a physical location within your Designated Territory. For this reason, your Designated Territory is deemed "exclusive"~~

~~under applicable franchise disclosure laws (but please note our~~subject to our reserv~~ed~~ation of rights ~~described later in this Item)~~below.

~~Your Designated Territory will not be modified by Franchisor for any reason so long as you are not in default of your Franchise Agreement.~~

Except as expressly provided in the Franchise Agreement, you have no right to exclude, control or impose conditions on the location, operation or otherwise of present or future Studios, using any of the other brands or Marks that we now, or in the future, may offer, and we may operate or license Studios or distribution channels of any type, licensed, franchised or company-owned, regardless of their location or proximity to ~~the premises~~your Designated Territory and whether or not they provide services similar to those that you offer. You do not have any rights with respect to other and/or related businesses, products and/or services, in which we may be involved, now or in the future. Your Designated Territory will not be modified by us for any reason so long as you are not in default of your Franchise Agreement, except in cases where (a) your requested relocation of your Studio is approved and you relocate, and/or (b) at the time of any requested renewal or proposed assignment of the Franchise, the population of the Designated Territory is over 50,000. In such cases, we may move or modify the size of your Designated Territory.

Non-Traditional Studio

If you are awarded the right to operate a Non-Traditional Studio, your Authorized Location will be your Non-Traditional Site; and you will not receive a Designated Territory beyond the space within the Non-Traditional Site where the Studio is being operated.

Rights Within and Outside the Designated Territory

While you and other ~~System~~ Studios will be able to provide the Approved Services to any potential client that visits or otherwise reaches out to your Studio, you will not be permitted to actively solicit or recruit clients outside your Designated Territory, unless we provide our prior written consent. ~~Likewise, other System franchisees are not permitted to solicit and/or recruit prospective clientele within your Designated Territory.~~

You will not be permitted to advertise and promote your ~~Franchised Business~~Studio via advertising that is directed at those outside your Designated Territory without our prior written consent, which we will not unreasonably withhold provided (a) the area you wish to advertise in is contiguous to your Designated Territory, and (b) that area has not been granted to any third party in connection with a ~~System~~ Studio (or Development Agreement) of any kind.

We may choose, in our sole discretion, to evaluate your Studio for compliance with the System Standards using various methods (including, but not limited to, inspections, field service visits, surveillance camera monitoring, member comments/surveys, and secret shopper reports). You must meet minimum standards for cleanliness, equipment condition, repair and function, and customer service. Your employees, including independent contractors, must meet minimum standards for courteousness and customer service. ~~(Franchise Agreement, Section 8.8A)~~

Minimum Gross ~~Revenue~~Sales Quota(s)

Traditional Studio

Unless waived by ~~Franchisor~~us due to unique market conditions, ~~Franchisee~~you must meet a certain minimum monthly Gross Sales quota (the "Minimum Monthly Gross ~~Revenue Quota. If Franchisee fails to~~Sales Quota"), as follows: (i) you must achieve and maintain trailing 12-month average monthly ~~g~~Gross ~~revenues~~Sales of $30,000 by the 1st ~~year~~ anniversary of the opening of ~~the~~your Studio; and (ii) you must achieve and maintain trailing 12-month average monthly ~~g~~Gross ~~revenues~~Sales of $40,000 by the ~~end of the~~ 2nd ~~year~~ anniversary and each ~~succeeding year thereafter, Franchisor may institute a corrective training program and/or require Franchisee to perform additional local marketing. If Franchisee~~successive anniversary of the opening of your Studio. If you fail~~s~~ to meet the Minimum Monthly Gross ~~Revenue~~Sales Quota for 36 consecutive months at any time during the term of ~~the~~your Franchise Agreement, ~~Franchisor~~we, in our discretion, may institute a mandatory corrective training program or terminate ~~the~~your Franchise Agreement upon written notice to you.

Non-Traditional Studio

Under the Non-Traditional Studio offering in this Disclosure Document, we do not impose a minimum Gross Sales Quota in connection with your operations and we do not condition your territorial rights on your Non-Traditional Studio meeting certain revenue levels. As previously disclosed in this Item, your Designated Territory rights in connection with a Non-Traditional Studio will only extend to the space within the Non-Traditional Site where the Non-Traditional Studio has the right to operate.

Development Agreement

If you are ~~granted~~awarded the right to ~~open~~acquire multiple ~~F~~franchise~~d~~s ~~Businesses~~for Studios under our form of Development Agreement, then we will provide you with a Development Area upon execution of ~~this~~the Development ~~a~~Agreement. The size of your Development Area will substantially vary from other System developers based on: (i) the number of ~~Franchised Businesses~~Studios we grant you the right to open and operate; and (ii) the location and demographics of the general area where we mutually agree you will be opening these ~~locations.~~Studios. The boundaries of your Development Area may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map attached to the ~~Data Sheet~~Development Agreement.

Each ~~Franchised Business~~Studio you timely open and commence operating under our then-current form of franchise agreement will be operated: (i) from a distinct site located within the Development Area; and (ii) within its own Designated Territory that we will define once the site for that ~~Franchised Business~~Studio has been approved. ~~We will approve sites for additional Franchised Businesses developed under your Development Agreement using our then-current site selection criteria.~~

As long as you are in compliance with your Development Agreement, we will not operate, or grant a license to a third-party to operate, during the term of your Development Agreement, a Studio located within the Development Area, and we will not grant anyone else the right to develop Studios within the Development Area, subject to our reservation of rights below.

~~We will not own or operate, or license a third party the right to own or operate, a Studio utilizing the Marks and System within the Development Area until the earlier of: (i) the date we define the Designated Territory of the final Franchised Business you were granted the right to operate under the Development Agreement; or (ii) the expiration or termination of the Development Agreement for any reason. Your Development Area will be exclusive during this time period.~~

~~Upon the occurrence of any one of the events described in the preceding paragraph, your territorial rights within the Development Area will be terminated, except that each Franchised Business that you have opened and are continuously operating as of the date of such occurrence will continue to enjoy the territorial rights within their respective Designated Territories that were granted under the franchise agreement(s) you entered into for those Franchised Business(es).~~

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

Reserved Rights

We and our parents/affiliates reserve the exclusive right to conduct the following activities under the Franchise Agreement and/or Development Agreement (as appropriate): (i) establish and operate, and license any third party the right to establish and operate, other Studios and ~~Franchised Businesses~~Studios using the Marks and System at any location outside of your Designated Territory(ies) and, if applicable, Development Area; (ii) market, offer and sell products and services that are similar to the products and services offered by the ~~Franchised Business~~Studio under a different trademark or trademarks at any location, within or outside the Designated Territory(ies) and, if applicable, the Development Area; (iii) use the Marks and System, as well as other such marks we designate, to distribute any Approved Products and/or Approved Services in any alternative channel of distribution, within or outside the Designated Territory(ies) and Development Area (including the Internet and other e-commerce channels and streaming platforms; wholesale stores, retail stores, catalog sales, etc.) as further described below; (iv) to acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to the Approved Products and Approved Services (but under different marks), within or outside your Designated Territory(ies) and, if applicable, Development Area; (v) use the Marks and System, and license others to use the Marks and System, to engage in any other activities not expressly prohibited in your Franchise Agreement and, if applicable, your Development Agreement; and (vi) ~~establish~~open and operate~~ Studios from non-traditional venues or locations such as "big box" gym or fitness facilities, airports, academic institutions, military bases, stadium(s) and/or similar captive venues,~~, or license third parties the right to open or operate, Studios at "Non-Traditional Sites" both within and outside ~~your~~the Designated Territory and, if applicable, Development Area. In light of these reservations of rights:

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.

Neither the Franchise Agreement nor the Development Agreement grants you any right to engage in any of the activities outlined in the preceding paragraph, or to share in any of the proceeds received by us, our parent/affiliates or any third party from these activities, unless we otherwise agree in writing. Further, we have no obligation to provide you any compensation for soliciting or accepting orders (via alternate channels of distribution) within your Designated Territory.

Internet Sales / Alternative Channels of Commerce

We may sell products and services to members located anywhere, even if such products and services are similar to what we sell to you and what you offer at your Studio. We may use the internet or alternative channels of commerce to sell ~~our branded~~ products and services branded with the Marks. You may only sell the products and services from your ~~approved~~ Studio's Authorized ~~l~~Location, and may only use the internet or alternative channels of commerce to offer or sell the products and services, as permitted by us, in order to register members for classes. We may require you to submit samples of all advertising and promotional materials (and any use of the Marks and/or other forms of commercial identification) for any media, including the Internet, ~~World Wide Web~~ or otherwise. We retain the right to approve or disapprove of such advertising, in our sole discretion. Any use of social media by you pertaining to the Studio must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. We ~~reserve the right to~~may "occupy" any social media websites/pages and be the sole provider of information regarding the Studio on such websites/pages (e.g., a ~~S~~system-wide Facebook ~~template for use~~page). At our request, you will promptly modify or remove any online communication pertaining to the Studio that does not comply with the Franchise Agreement or the Manual. You are not prohibited from obtaining members over the Internet provided your Internet presence and content comply with the requirements of the Franchise Agreement.

Additional Disclosures

Neither the Franchise Agreement nor the Development Agreement provides you with any right or option to open and operate additional ~~Franchised Businesses~~Studios (other than as specifically provided for in your Development Agreement if you are granted multi-unit development rights). Regardless, each ~~Franchised Business~~Studio you are granted the right to open and operate must be governed by its own specific form of Franchise Agreement.

~~Neither we nor any of our affiliates~~We have not established other franchises or company-owned outlets or another distribution channel offering or selling similar products or services under a different trademark. We have not established, nor do we presently intend to establish, other franchised or company-owned businesses that are similar to the ~~Franchised Business~~Studio and that sell our Approved Products and Approved Services under a different trade name or trademark, but we ~~reserve the right to~~may do so in the future without your consent. Certain of our affiliates are involved with franchising and other activities as previously disclosed in Item 1 of this Disclosure Document, and such affiliates ~~reserve the right to~~may continue conducting franchising and other activities. ~~We do not expect or intend any kind of customer confusion or conflicts between these different brands, but we will work with our affiliates to address any such concerns among each brands' respective franchisee network if and when they arise.~~

There is no mechanism for resolving any conflicts that may arise between franchised or company-owned studios that operate under any of the Xponential Brands, including any Studio. Any resolution of conflicts regarding location, customers, support, or services will be entirely within your and our business judgment. While we do not anticipate conflicts between franchisees of different brands, we will analyze any future conflict and take action (if any) that we deem appropriate.

ITEM 13~~ITEM 13~~
TRADEMARKS

We ~~will~~ grant you ~~a limited license~~the right to use the ~~then-current Proprietary~~ Marks we designate for use in connection with ~~the operation of~~ your Studio as part of the license rights you are granted under each Franchise Agreement you enter into with us, provided ~~your use of such marks is~~you only use the Marks in connection with your Studio operations and in strict ~~compliance~~accordance with the terms of ~~the~~your Franchise Agreement and any Manuals~~. Please note that the Development Agreement does not, in and of itself, afford or grant you any kind of right or license to use the Marks – such license is granted under the form of Franchise Agreement that you must sign in connection with each franchise you are awarded~~ or other written directives from us. The following Marks ~~is currently~~are registered and owned by us on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Mark	Registration ~~No.~~Number	Registration Date
STRIDE	5,733,165	April 23, 2019
STRIDE	6,085,766	June 23, 2020

We ~~and/or our affiliate(s)~~ expect and intend to ~~file~~submit all ~~required~~ affidavits and other filings ~~with the USPTO~~ necessary to maintain the registrations above ~~registration, as we determine appropriate.~~

. There are no presently effective determinations of the ~~USPTO~~United States Patent and Trademark Office, the ~~T~~trademark ~~A~~administrator of any ~~s~~State, or any court, nor any pending material litigation involving any of the Marks which are relevant to their use in any ~~s~~State. There are no pending interference actions or opposition or cancellation proceedings that significantly limit our rights to use or license the use of the Marks in any manner material to the System. We have filed all required affidavits for the Marks and will continue to do so. ~~None of the Marks' registrations have come up for renewal at this point so we have not yet renewed any of the Marks' registrations.~~

~~As of the Issue Date, we are not aware of any agreements currently in effect that significantly limit our rights to use or license the use of the Marks.~~

You must follow our rules when you use the Marks. You cannot use our name or any of the Marks as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. You must not use any other trade names or trademarks in the operation of the Studio without first obtaining our written consent. You must not establish a website on the Internet using any domain name containing the Marks or any variation thereof without our written consent. We retain the sole right to advertise on the Internet and create a website using the Marks as domain names.

If it becomes advisable, in our sole discretion, for us to modify or discontinue use of any of the Marks, or use one or more additional or substitute Mark, you must comply with our directions to modify or otherwise discontinue the use of such Mark within a reasonable time after notice by us. We will not be obligated to compensate you for any costs you incur in connection with any such modification or discontinuance.

You cannot seek to register, ~~re-~~re-register, assert claim to ownership of, license or allow others to use or otherwise appropriate to itself any of the Marks or any mark or name confusingly similar to them, except insofar as such action inures to ~~the~~our benefit ~~of Franchisor~~ and has our prior written approval. Upon the termination or ~~expiration~~cancellation of the Franchise Agreement, you must discontinue use of the Marks, remove copies, replicas, reproductions or simulations thereof from the premises and take all necessary steps to assign, transfer, or surrender to us all Marks which you may have used in connection with the Franchise Agreement.

You must immediately notify us of any apparent infringement of or challenge to your use of the ~~m~~Marks. Although not obligated to do so, we will take any action deemed appropriate and will control any litigation or proceeding. You must cooperate with any litigation relating to the Marks which we or our affiliates, or the licensor, might undertake. ~~We will have the right, but the Franchise Agreement does not require us, to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving any of the Marks, or subject to an unfavorable administrative or judicial determination.~~

We are not aware of any prior superior rights or infringing uses that would materially affect your use of the Marks. ~~But~~However, there is always a possibility that there might be one or more businesses, similar to the business covered by the Franchise, operating in or near the area(s) where you may do business, using a name, trademark and/or trade dress similar to the Marks and with superior rights to the name and/or trademark. We strongly urge you to research this possibility, using telephone directories, local filings and other means, before you pay any money, sign any documents or make any binding commitments. If you do not research the possibility of other trademarks in this business, you may be at risk.

There are no agreements currently in effect, which significantly limit our rights to use or license the use of the Marks.

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

You do not receive the right to use any item covered by a patent or copyright, but you can use the proprietary information in the Manual. ~~The Manuals are described in~~ Item 11~~. Item 11 also~~ describes the Manual and the limitations on the use of the Manual by you and your employees.

We have no registered copyrights, nor are there any pending patent applications that are material to the franchise. However, we claim copyrights on certain forms, advertisements, promotional materials, software source code and other Confidential Information as defined below.

There currently are no effective determinations of the United States Copyright Office (or any court regarding any of the copyrighted materials. There are no agreements in effect which significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us that could materially affect your use of the copyrighted materials in any state. No agreement requires us to protect or defend any copyrights or you in connection with any copyrights.

~~In general, our proprietary information includes "Confidential Information" as defined in Section 12 of the Franchise Agreement, some of which is contained in our Manual, and includes, among other things, all information (current and future) relating to the operation of the Studio or the System, including, among other things, all: (i) manuals, training, techniques, processes, policies, procedures, systems, data and know how regarding the development, marketing, operation and franchising of the Studios; (ii) designs, specifications and information about products and services and (iii) all information regarding members and suppliers, including any statistical and/or financial information and all lists~~All information relating to the System and to the development and operation of Studios (including your Studio), including, without limitation, the Manual, our training programs, members and supplier lists, customer data, or other information or know-how distinctive to the development or operation of a Studio (all of the preceding information is the "Confidential Information") is considered to be proprietary and trade secrets of Franchisor. Confidential Information does not include information, knowledge, or know-how, which is lawfully known to the public without violation of applicable law or an obligation to us or our affiliates. We disclose to you Confidential Information needed for the operation of a ~~Stride franchise~~Studio, and you may learn additional information during the term of your ~~f~~Franchise~~.~~. We have all rights to the Confidential Information and your only interest in the Confidential Information is the right to use it under your Franchise Agreement.

Both during and after the term of your Franchise Agreement, you must use the Confidential Information only for the operation of your Studio under a Franchise Agreement~~ with us~~; maintain the confidentiality of the Confidential Information; not make or distribute, or permit to be made or distributed, any unauthorized copies of any portion of the Confidential Information; and ~~(iii)~~ follow all prescribed procedures for prevention of unauthorized use or disclosure of the Confidential Information. ~~(Franchise Agreement, Section 12)~~

We have the right to use and authorize others to use all ideas, techniques, methods and processes relating to the Studio that you or your employees conceive or develop.

You also agree to fully and promptly disclose all ideas, techniques and other similar information relating to Studios or the ~~f~~Franchise ~~business~~ that are conceived or developed by you and/or your employees. We will have a perpetual right to use, and to authorize others to use, those ideas, etc. without compensation or other obligation.

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

Under the Franchise Agreement, we recommend, but do not require, ~~but do recommend,~~ that you (or~~ the Designated~~, if you are an entity, the Operat~~or~~ing Principal) personally supervise the Studio. You may appoint a

Designated Manager we approve to manage daily operations of your Studio. We will not unreasonably withhold our approval of any Designated Manager you propose, provided the individual has successfully completed the ~~Owner/Operator Module of our initial training~~Designated Manager Training Module and, if that individual will be providing any Approved Services, the Authorized Coach Training Program.

Once approved, your Designated Manager may assist in the direct, day-to-day supervision of the operations of the Studio, or to be the on-premises supervisor if you choose not to personally supervise the Studio. If you are a business entity, your Designated Manager need not hold an ownership interest in the business to be the on-premises supervisor.

You are solely responsible for the hiring and management of the Studio employees, for the terms of their employment and for ensuring their compliance with any training or other requirements established by us. You will keep us advised, in writing, of any Designated Manager involved in the operation of the Studio and their contact information. Your ~~Franchised Business~~Studio must, at all times, be managed by and staffed with at least one (1) individual who has successfully completed the Owner/Operator Module ~~or, if appropriate, the Designated Manager Module,~~ of our Initial Training Program.

You and your managers and employees must comply with the confidentiality provisions described in Item 14. ~~You must execute a personal guaranty concurrently with the signing of the Franchise Agreement.~~ If you are a legal entity, having more than one owner, all owners, shareholders, partners, joint venturers, and any other person who directly or indirectly owns a ~~ten percent (~~10%~~)~~ or greater interest in the ~~franchised business~~Studio must execute a ~~personal g~~Guaranty.

You will be solely responsible for all employment-related ~~or other personnel~~ decisions ~~involving~~associated with your Studio ~~because it is an independently operated and owned Franchised Business~~personnel, including ~~all decisions and policies related to~~ hiring, firing ~~and appointments of prospective Authorized Instructors~~, scheduling and compensation. Nothing in the Franchise Agreement~~,~~ or Development Agreement ~~or other association with us and/or our franchise system shall~~is intended, or may be construed~~,~~ to, establish or create ~~or support~~ any kind of ~~employment~~employer-employee or joint employer relationship between ~~(a)~~ us, and~~/or (b)~~ you ~~or~~(and your ~~Studio~~ personnel ~~and staff~~).

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

You must offer for sale and sell, only and all those Approved Products and Approved Services, and deal only with those Approved ~~s~~Suppliers, that we authorize or require~~, and have authorized (See Item 8)~~. Principally, this means you must purchase the amount and type of equipment, including treadmills, free weights, and other exercise equipment, and other apparatuses and exercise equipment, and offer only those types of running and exercise classes that we authorize. Failure to comply with our purchasing restrictions may result in the termination of your Franchise Agreement. We may supplement, revise and/or modify our Approved Products and/or Approved Services as we deem appropriate ~~from time to time~~, as well as our System ~~s~~Standards ~~and specifications~~ associated with the provision of these products/services. These changes will be outlined in our Manual~~s~~ or otherwise in writing, and there are no contractual limitations on our right to make these types of changes.

You must ensure that only Authorized Coaches that have completed all appropriate training provide the classes and other Approved Services at your Studio. No other individuals may conduct classes or provide any Approved Services.

~~Only Studio personnel that has completed all criteria necessary to serve as an Authorized Coach may provide the Classes and certain other Approved Services, and such individuals must be on-site at the Franchised Business at all times the Studio is open to ensure the Approved Services are provided in accordance with System Standards and applicable laws (which you are solely responsible for investigating and ensuring compliance with).~~

If we discontinue any Approved Product or Approved Service offered by the ~~Franchised Business~~Studio, then you must cease offering or selling such product/service within a reasonable time, unless such product/service represents a health or safety hazard (in which case you must immediately comply upon receipt of notice from us). You may not use the location of your ~~Franchised Business~~Studio for any other business purpose other than the operation of your ~~Franchised Business~~Studio.

You may not advertise, offer for sale or sell, any products and/or services that we have not authorized. We ~~reserve the right to~~may change the types of authorized products and services at any time in our discretion. You agree to promptly undertake all changes as we periodically require~~ from time to time~~, without limit, except we will not require you to thoroughly modernize or remodel the Studio any more often than once every ~~five (~~5~~)~~ years. You will not make any material alterations to your Studio or its appearance as originally approved by us without our prior written approval.

You must refrain from any merchandising, advertising, or promotional practice that is unethical or may be injurious to our business and/or other ~~franchised businesses~~Studios or to the goodwill associated with the Marks. Subject to the conditions set forth above, we do not impose any restrictions with regards to the customers to whom you may sell goods and services.

Subject to applicable law, and in accordance with your Opening Support Program and the System Standards, you must begin offering and selling memberships for your Studio upon commencement of the Pre-Sale Phase. You must offer, accept the use of, and ensure that you and your Studio personnel are aware of all then-current System policies and procedures related to member reciprocity amongst (a) other Studios that are part of the System, and/or (b) the Studios operated as part of the franchise systems in connection with the other Xponential Brands. Currently, you must offer and accept the use of the XPASS reciprocity program.

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

THE FRANCHISE RELATIONSHIP

~~A.~~ A. Franchise Agreement

This table lists certain important provisions of the ~~f~~Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	~~Paragraph In~~ Section in Franchise Agreement	Summary
a. ~~a.~~ Length of the franchise term	~~Franchise Agreement: Paragraph~~Section 3.1	~~The term is~~ 10 years from the date the Franchise Agreement is signed, unless sooner terminated.
b. ~~b.~~ Renewal or extension of term	~~Franchise Agreement: Paragraph~~Section 3.2	You have the option to extend the term for two consecutive 5-year periods.

Provision	~~Paragraph In~~ Section in Franchise Agreement	Summary
c. ~~c.~~ Requirements for renewal or extension	~~Franchise Agreement: Paragraphs 3.2, 3.3, and 3.4~~ Section 3.2	~~You have complied with all of the Franchise Agreement provisions; you are not in default of the Franchise Agreement; you have brought the Studio into compliance with our current standards; you have given us notice of renewal~~To qualify for a renewal franchise, you must execute our then-current franchise agreement, which may contain terms and conditions that differ materially from those in the Franchise Agreement; maintain possession of the Authorized Location or secure an alternative location approved by us; remodel your Studio as necessary to comply with the System Standards; have substantially complied with the Franchise Agreement during its term; be in compliance with all provisions of the Franchise Agreement and any other agreements between you and us; pay the renewal fee ($10,000); give us no less than 90 days', nor more than 180 days~~ prior to the end of the initial term; you have signed a then-current form of Franchise Agreement, which may contain materially different terms than the ones contained in your original Franchise Agreement; you have signed~~', notice of your desire to acquire a renewal term; and sign a general release in substantially the form of Exhibit ~~F~~G to this Disclosure Document~~; and you pay us a renewal fee equal to $10,000~~ (subject to applicable state law).
d. ~~d.~~ Termination by franchisee	~~Franchise Agreement: Not Applicable~~ Not Applicable	~~Franchisee does not have an express contractual right to terminate the Franchise Agreement, but may terminate on any grounds permitted~~Not applicable other than by applicable state law.
e. ~~e.~~ Termination by franchisor without cause	~~Franchise Agreement:~~ Not Applicable	The Franchise Agreement does not provide for termination without cause.
f. ~~f.~~ Termination by franchisor with cause	~~Franchise Agreement: Paragraph~~Section 15.1	We may terminate the Franchise Agreement upon delivery of notice to you if you default under the terms of the Franchise Agreement, as further outlined below.

Provision	~~Paragraph In~~ **Section in Franchise** Agreement	Summary
g. ~~g.~~ "Cause" defined – curable defaults	~~Franchise Agreement: Paragraph 15.1B~~ Section 15.1	Under ~~T~~the ~~following constitute curable defaults: you fail to comply with the Performance Standards; or refuse to make payments due and do not cure within 10 business days; or fail to comply with any~~Franchise Agreement, you have 30 days to cure: failure to obtain a required consent or approval; failure to comply with provisions of the Franchise Agreement ~~not otherwise mentioned in (h.) below or any mandatory specification and do not cure within the applicable cure period. Some defaults have 10 calendar day cure periods and some have 30 calendar day cure periods~~other than for which a different cure period is specified or for which we may immediately terminate; failure to maintain required books and records; failure to manage your Studio; failure to pay us any amount due or to obtain adequate financing; failure to complete initial training; failure to maintain insurance; unauthorized provision of products and/or services; marketing or advertising failures; failure of Performance Standards, as defined in the Franchise Agreement; failure to engage Pre-Sales Phase activities; and use of unauthorized suppliers (subject to state law).

Provision	~~Paragraph In~~ Section in Franchise Agreement	Summary
h. ~~h.~~ "Cause" defined – non-curable defaults	~~Franchise Agreement: Paragraph 15.1A~~ Section 15.1	The following events constitute non-curable defaults: material misrepresentations or omissions; failure to properly establish and equip the premises; failure to complete training; ~~make a material misrepresentation or omission in the application for the franchise;~~ conviction or plea of no contest to a felony~~,~~ or other crime or offense that can adversely affect the reputation of you, us or the Studio; make unauthorized disclosure of the Marks or ~~c~~Confidential ~~i~~Information; falsification of reports; abandonment of the business for ~~5~~2 consecutive days unless otherwise approved; surrender of control of the business; unauthorized transfer; you are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; your misuse of the Marks; failure on 3 occasions within any 12 consecutive month period~~, or 4 occasions in any 24 consecutive month period~~ to pay amounts due~~,~~ or otherwise to comply with the Franchise Agreement; default of same provision 2 times within 6 months, regardless of cure; failure on 2 or more occasions in any 24 consecutive month period to offer only approved goods and services; violate any health, safety or sanitation law or conduct your operation in a manner creating a safety hazard; failure to open the Studio for business within 6 months of signing the Franchise Agreement, unless otherwise agreed in writing; loss of right to possess the location for the Studio; or violating the rights and restrictions of your Designated ~~t~~Territory; operating a ~~c~~Competing ~~b~~Business~~.~~ (defined below).

Provision	~~Paragraph In~~ Section in Franchise Agreement	Summary
i. ~~i.~~ Franchisee's obligation on termination/non-renewal	~~Franchise Agreement: Paragraphs 12,~~Article 13 and Section 15.3	Your obligations include: stop operations of the Studio; stop using the Marks and items bearing the Marks; stop using the ~~Marks~~name "Stride" in any form as part of your corporate name; assign any assumed names to Company; de-identify the premises from any confusingly similar decoration, design or other imitation of a Studio; stop advertising as a Stride ~~f~~Franchise; pay all outstanding sums ~~owed~~to us and our affiliates and third-parties; pay ~~all~~ damages and costs we incur in enforcing the termination provisions of the Franchise Agreement; return the Manual and other ~~c~~Confidential ~~i~~Information to us; return all signs to us; assign your telephone and facsimile numbers, electronic mail and internet addresses to us; sell to us, at our option, all assets of the Studio, including inventory, equipment, supplies and items bearing the Marks, and assign us your lease; and comply with ~~the~~non-competition and non-interference covenants ~~not to compete~~.
j. ~~j.~~ Assignment of contract by franchisor	~~Franchise Agreement: Paragraph~~Section 14.6	~~We may sell or assign some or all of our business to any subsidiary or affiliate of Stride, any purchaser of Stride, or any purchaser of the Marks and related business~~No restriction on our right to assign.
k. ~~k.~~ "Transfer" by franchisee definition	~~Franchise Agreement: Paragraph~~Section 14.1	~~You may sell or assign your business, but only with our approval. We have sole discretion over whether to approve or disapprove an assignment~~Voluntary, involuntary, direct or indirect assignment sale, gift, encumbrance, pledge, delegation or other disposition of Franchise Agreement, ownership interests, your Studio, or your assets.
l. ~~l.~~ Franchisor approval of transfer by franchisee	~~Franchise Agreement: Paragraphs~~Sections 14.1 and 14.2	~~We have the right to approve all your transfers. We may place reasonable conditions on our approval of any transfer~~Our prior written consent is required.

Provision	~~Paragraph In~~ Section in Franchise Agreement	Summary
m. ~~m.~~ Conditions for franchisor approval of transfer	~~Franchise Agreement:~~ Section 14.2	You must be in compliance with all agreements, the ~~Manual~~System Standards, all contracts with any party~~,~~ ~~and~~; at our option, transferee must either (a) execute our then-current form of franchise agreement, which may contain materially different terms than your Franchise Agreement, to govern the franchise moving forward, or (b) assume all obligations under these agreements; transferee meet our then-current requirements and complete or agree to complete our training program for new franchisees~~; all sums due must be paid; all obligations to third parties must be satisfied; the Studio must be in full compliance with the Manual and standards and specifications for new Stride Studios;~~ (including payment of applicable training fee(s)); you or the transferee must ~~satisfactorily complete training; the~~pay our transfer fee of $10,000, except in the case of a transfer~~ee~~ from an individual to a wholly owned entity ($500) or a transfer to an immediate family member ($1,500); you must sign ~~Franchisor's~~our then-current form of general release; transferee must, at our election, sign our then-current form of franchise agreement; ~~our then-current Transfer Fee must be paid; and you and/or your contemplated transferee must pay any referral fees or commissions that may be due to any franchise broker, sales agent, or any other third party.~~ and transferee must complete initial training and pay any applicable fee(s).
n. ~~n.~~ Franchisor's right of first refusal to acquire franchisee's business	~~None~~Section 14.5	~~There is no~~We have a right of refusal for ~~us~~any bona fide offer to acquire an interest in you, your Franchise Agreement, and/or your Studio~~ except as outlined below~~.

Provision	~~Paragraph In~~ Section in Franchise Agreement	Summary
o. ~~o.~~ Franchisor's option to purchase franchisee's business	~~Franchise Agreement: Section 15.3.I.~~Sections 14.5 and 15.3	~~We have the option, exercisable by giving 30 days' written notice to purchase any and all inventory, equipment, furniture, fixtures, signs, sundries and supplies owned by you and used in the Studio,~~On termination, we may purchase any or all of the assets of your Studio at the lesser of (i) your costs for such assets less the cost ~~less~~of depreciation ~~computed on a reasonable straight line basis (as determined in accordance with generally accepted accounting principles and consistent with industry standards and customs)~~, or (ii) fair market value ~~of such assets, less (in either case) any outstanding liabilities of the Studio. In addition, we have the option to assume your lease for the lease location of the Studio, or if an assignment is prohibited, a sublease for the full remaining term on the same terms and conditions as your lease.~~ .
p. ~~p.~~ Death or disability of franchisee	~~Franchise Agreement: Paragraph 14.4~~Section 14.3	All interests ~~M~~must be transferred within six (6) months or such longer period we designate. We have the option to immediately appoint a manager and commence operating your Studio on behalf of you, in which case you will pay our reasonable costs and expenses.
q. ~~q.~~ Non-competition covenants during the term of the franchise	~~Franchise Agreement: Paragraph~~Article 13	You must not be involved in: (i) any Competing Business ~~(as defined in the Franchise Agreement)~~; or (ii) any business that offers or grants franchises/licenses, or establishes joint ventures, for the operation of a Competing Business. You must not divert, or attempt to divert, any customer or prospective customer to a Competing Business in any manner. ~~Additionally, you must not (a) employ or seek to employ any person employed by us or by any of our other franchisees, or (b) otherwise directly or indirectly induce or seek to induce such person to leave his or her employment during the term of the Franchise Agreement, without first obtaining our consent and, if applicable, the consent of the other System franchisee, or (c) otherwise take action to divert business or clientele to any other Competing Business.~~ "Competing Business" means any fitness or exercise business, any fitness or exercise marketing or consulting business, any business offering products of a similar nature to those of the Studio, or in any business or entity which franchises, licenses or otherwise grants to others the right to operate such aforementioned businesses

Provision	~~Paragraph In~~ **Section in Franchise Agreement**	Summary
r. ~~r.~~ Non-competition covenants after the franchise is terminated or expires	~~Franchise Agreement: Paragraph 13~~Article 13 and Section 15.3	~~For a period of~~Same requirements as are in place during the term of the Franchise Agreement, but instead of being global prohibitions, the restrictions remain in place for 2 years following the expiration/termination of your Franchise Agreement, ~~you must not operate a Competing Business~~and apply: (i) at the Authorized Location; and (ii) within a 10 mile radius of (a) the Authorized Location, or (b) any other Studio ~~that is open, under lease or otherwise under development as of the date of termination/expiration~~. Additionally, for a period of 2 years after termination of the Franchise Agreement, you must not ~~shall not~~ (i) solicit business from customers of your former Studio, (ii) contact any of our suppliers or vendors for any competitive business purpose, or (iii) subject to and as permitted by ~~applicable~~ state law~~(s)~~, solicit any of our other employees, or the employees of ~~Franchisor's~~our affiliates or any other System franchisee, to discontinue employment.
s. ~~s.~~ Modification of the Franchise Agreement	~~Franchise Agreement: Paragraph~~Article 19	The Franchise Agreement can be modified only by written agreement between us and you. We ~~can~~may modify ~~or change~~the Manual and the System ~~through changes in the Manual~~Standards.
t. ~~t.~~ Integration/merger clause	~~Franchise Agreement: Paragraph~~Article 19	Only the terms of ~~the~~ Franchise Agreement ~~are binding (subject to applicable state law) and may only be modified to the extent required by an appropriate court to make the Franchise Agreement enforceable~~, including its attachments and the System Standards, are binding. Any representations or promises outside of this Disclosure Document and ~~o~~ther Franchise ~~a~~Agreement~~s~~ may not be enforceable~~. Notwithstanding the foregoing, nothing in any franchise agreement is intended to disclaim the express representations made in this Disclosure Document~~ (subject to state law).

Provision	~~Paragraph In~~ Section in Franchise Agreement	Summary
u. ~~u.~~ Dispute resolution by arbitration or mediation	~~Franchise Agreement: Paragraph~~Article 16	You must first submit all disputes and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally. At our option, all claims or disputes arising out of the Franchise Agreement must be submitted to non-binding mediation, which will take place at our or, as applicable, our successor's or assign's then-current ~~headquarters~~principal place of business (currently, Irvine, California) (subject to applicable state law). If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation. Except for our right to seek injunctive relief in any court of competent jurisdiction and as otherwise described above, we an~~y~~d ~~claim arising out of or relating to the Franchise Agreement or the relationship of the parties, and any controversy regarding the establishment of the fair market value of assets of the Studio will be resolved in binding arbitration before a single arbitrator in Orange County~~you must arbitrate all disputes at a location at our or, as applicable, our successor's or assign's then-current principal place of business (currently, in Irvine, California) (subject to ~~applicable~~ state law).
v. ~~v.~~ Choice of forum	~~Franchise Agreement: Paragraph~~Section 16.6	~~Any action that is not s~~Subject to the arbitration requirement, litigation must be brought in ~~state or federal court in Orange County~~the court nearest to our or, as applicable, our successor's or assign's then current principal place of business (currently, Irvine, California) (subject to ~~applicable~~ state law). However, we may seek injunctive relief in any court of competent jurisdiction.

Provision	~~Paragraph In~~ Section in Franchise Agreement	Summary
w. ~~w.~~ Choice of law	~~Franchise Agreement: Paragraph~~Section 16.1	~~The Franchise Agreement is governed by the laws of the state of California without reference to this state's conflict of laws principles (subject to state law), except that:~~ ~~(i) any disputes or actions involving any non-competition covenants, including the interpretation and enforcement thereof, must be governed by the law of the state where the Studio is located; and~~ ~~(ii) the laws of California regarding franchises including, without limitation, the California Franchise Investment Law ("CFIL"), California franchise relationship act and all corresponding regulations thereunder, shall not (and may not be construed to) apply to your Franchised Business or Agreement unless the jurisdictional, definitional and other requirements of such laws are met absent and without reference to this Section of the Agreement.~~ Except for the U.S. Trademark Act, the Federal Arbitration Act other federal laws, and disputes involving non-competition covenants (which are governed by the law of the state in which your Studio is located), California law applies (subject to state law).

B. Development Agreement

This table lists certain important provisions of the Development Agreement and related agreements. You should read these provisions in the agreements attached to this ~~d~~Disclosure ~~d~~Document.

~~PROVISION~~Provision	~~SECTION IN DEVELOPMENT AGREEMENT OR OTHER AGREEMENTS~~Section in Development Agreement	~~SUMMARY~~Summary
a. ~~a.~~ Length of the term of the Development Agreement	Section ~~1(B)~~2.A, Exhibit ~~B~~A	The Development Schedule will dictate the amount of time you have to open a specific number of franchises, which will differ for each Developer~~ and will be specified in Exhibit B of the Development Agreement~~.
b. ~~b.~~ Renewal or extension of the term	Not Applicable	Not Applicable

~~**PROVISION**~~**Provision**	~~**SECTION IN DEVELOPMENT AGREEMENT OR OTHER AGREEMENTS**~~**Section in Development Agreement**	~~**SUMMARY**~~**Summary**
c. ~~c.~~ Requirements for developer to renew or extend	Not Applicable	Not Applicable
d. ~~d.~~ Termination by developer	Not Applicable	Not Applicable
e. ~~e.~~ Termination by franchisor without cause	Not Applicable	Not Applicable
f. ~~f.~~ Termination by franchisor with cause	~~Section 14~~Article 8	We may terminate your Development Agreement with cause as described ~~in (g)-(h) of this Item 17 Chart.~~ below.~~No default under the Development Agreement shall constitute a default under any franchise agreement you have entered into with us, unless your acts or omissions also violate the terms and conditions of that agreement. Failure to comply with any material term or material condition imposed by a franchise agreement executed in connection your Development Agreement will constitute grounds for us to default you under your Development Agreement.~~
g. ~~g.~~ **"Cause"** defined – curable defaults	Section ~~14(B)~~8.A	We may terminate your Development Agreement after providing notice and a 30-day cure period ~~(unless a different cure period is specified below) if: you fail to meet the Development Schedule; you fail to develop, open, and operate each Studio and execute each Franchise Agreement in compliance with the Development Agreement; you misappropriate or misuse the Marks or impair the goodwill of the Marks or System; fail to make monetary payment under the Development Agreement or any Franchise Agreement to us or our affiliate, and fail to cure within 14 days of receiving written notice from us; fail to correct a deficiency of a health, sanitation, or safety issue identified by a local, state or federal agency or regulatory authority; or~~if you fail to comply with any ~~other material term or material condition~~provision of the Development Agreement ~~or any Franchise Agreement~~(except as provided in (h) below), or a 10-day cure period if you fail to make any required payment to us.

~~PROVISION~~Provision	~~SECTION IN DEVELOPMENT AGREEMENT OR OTHER AGREEMENTS~~Section in Development Agreement	~~SUMMARY~~Summary
h. ~~h.~~ **"Cause"** defined ~~– non-curable defaults~~ non-curable defaults	Section ~~14(~~8.A~~)~~	We may terminate your Development Agreement automatically upon written notice if: materially misrepresent or omit any information in connection with your application for your development rights; you become insolvent or make a general assignment for the benefit of creditors; file a bankruptcy petition or are adjudicated bankrupt; a bill in equity or appointment of receivership is filed in connection with you; a receiver or custodian of your assets of property is appointed; a proceeding for a composition of creditors is initiated against you; a final judgment is entered against you and not satisfied within 30 days; if you are dissolved, execution is levied against you; a suit to foreclose any lien or mortgage against any of your Studios is levied; the real or personal property of ~~a~~the Studio is sold after being levied upon; you fail to satisfy your Development Schedule; you or any of your principal officers, directors, partners, managing members or owners is convicted of a crime; you falsify any reports or information provided to us; you fail to comply with the non-competition covenants ~~of the Development Agreement; you or your principal discloses the contents of the Manuals or other confidential information; an immediate threat or danger to public health or safety results from the operation of a Studio operated by you; you or your Principal has made a material misrepresentation in the franchise application; you fail on 3 or more occasions within a one (1) year period~~; you fail to comply with ~~a~~the same provision ~~of the Development Agreement;~~within a 6-month period or you fail to comply with the ~~transfer conditions of the~~ Development Agreement on 3 separate occasions in any 12-consecutive month period.
i. ~~i.~~ Developer's obligations on termination/ non-renewal	Section ~~14(D), Section 15~~8.C	Upon termination, ~~you have no right to establish or operate any Studio for which an individual Franchise Agreement has not been executed by us and delivered to you at the time of termination. All of your obligations~~all rights provided to you under the Development Agreement ~~which expressly or by their nature survive the expiration or termination of the Agreement (including the non-competition covenants of Section 11), continue in full force and effect until they are satisfied or by their nature expire~~shall immediately cease and you must comply with all post-termination non-competitive restrictions.

~~PROVISION~~Provision	~~SECTION IN DEVELOPMENT AGREEMENT OR OTHER AGREEMENTS~~Section in Development Agreement	~~SUMMARY~~Summary
j. ~~j.~~ Assignment of contract by franchisor	Section ~~16(~~9.A~~)~~	~~We have the absolute right to transfer or assign the Development Agreement and all or any part of its rights, duties or obligations to any person or legal entity without your consent~~No restriction on our right to assign.
k. ~~k.~~ "Transfer" by developer - defined	Section ~~16(~~9.B~~)~~	~~A transfer includes v~~Voluntar~~il~~y, involuntar~~il~~y, direct~~ly~~ or indirect~~ly, assigning, selling, conveying, pledging, sub-franchising or otherwise transferring any of the rights created by the~~ assignment sale, gift, encumbrance, pledge, delegation or other disposition of Development Agreement ~~or any~~, ownership interests~~ in~~, your development rights, or your assets.
l. ~~l.~~ Franchisor approval of transfer by developer	Section ~~16(~~9.C~~)~~	~~We must approve all transfers, but we will not unreasonable withhold our approval if you meet our conditions~~Our prior written consent is required.

~~PROVISION~~Provision	~~SECTION IN DEVELOPMENT AGREEMENT OR OTHER AGREEMENTS~~Section in Development Agreement	~~SUMMARY~~Summary
m. ~~m.~~ Conditions for franchisor approval of transfer	Section ~~16(~~9.C~~)~~	Our conditions for approving a transfer include: ~~all of~~ you ~~and your affiliates' money obligations must be satisfied; you and your affiliates~~ must not be in ~~material~~ default of the Development ~~Agreement or any Franchise Agreement; you must execute a general release in our favor; the~~Schedule; the prospective transferee must meet our then-current ~~criteria for Developers;~~standards for franchisees; you must pay us a transfer fee of $10,000 and any applicable broker fees due in connection with the transaction; you must sign a general release; you and the transferee must ~~either (a)~~ sign ~~a written assumption agreement assuming your liabilities under the Development Agreement, or (b)~~our form of consent to transfer pursuant to which, among other things and at our option, ~~sign~~either (i) transferee agrees to execute our then-current form of area development agreement ~~to govern the remainder of the original Development Schedule; our then-current Transfer Fee must be paid; and you and/or your contemplated transferee must pay any referral fees or commissions that may be due to any franchise broker, sales agent, or any other third party~~, or (ii) the Development Agreement is assigned to and assumed by the proposed transferee; no past due amounts owed to us; no outstanding default of the Development Agreement (or any other agreement with us); and the transfer must not be made separate and apart from the transfer to the same transferee of all Franchise Agreements that were signed pursuant to the Development Agreement.
n. ~~n.~~ Franchisor's right of first refusal to acquire developer's business	Section ~~16(E)~~9.D	~~Except in certain circumstances (death/disability or transfer from individual franchisee to business entity), you must provide us with a period of 30 days to match any third-party~~We will have a right of refusal for any bona fide offer to purchase any ~~ownership~~ interest in you, the Development Agreement~~. If we do not exercise this right, then you will have 60 days to effectuate the transfer to the third party that made the offer on those exact terms – if the transfer does not occur or the proposed terms of the offer change in any way, then we will have another 30 days to exercise our~~, and/or your development rights~~ of first refusal~~.

~~PROVISION~~**Provision**	~~SECTION IN DEVELOPMENT AGREEMENT OR OTHER AGREEMENTS~~**Section in Development Agreement**	~~SUMMARY~~**Summary**
o. ~~o.~~ Franchisor's option to purchase developer's business	Not Applicable	Not Applicable
p. ~~p.~~ Death or disability of developer	~~Section 16(F)~~Not Applicable	~~You will have a period of 90 days to find a suitable legal representative that we approve to continue the operation of your Franchised Business, provided that person completes our training program and executes either a personal guaranty or a new Development Agreement.~~ ~~During this 90-day period, we may step in and operate the Franchised Business on your behalf and pay ourselves a reasonable amount to reimburse our costs associated with this operation on your behalf. We are not under any obligation to step in and operate your business during this period.~~ Not Applicable
q. ~~q.~~ ~~Non-~~Non-competition covenants during the term of the franchise	~~Section 11(B)(1)~~Article 6	~~Neither you, your principals, guarantors, owners or key employees, nor any immediate family member of you, your principals, guarantors, owners or key employees, may: (i) own, operate, or otherwise be involved with, Competing Business (as defined in~~You will have the same noncompetition restrictions as provided under the Franchise Agreement(s) you sign pursuant to the Development Agreement~~); (ii) employ or seek to employ any employees of us, our affiliates or any other System franchisee/developer or induce such persons to leave their employment; or (iii) divert, or attempt to divert, any prospective customer to a Competing Business~~.

~~PROVISION~~Provision	~~SECTION IN DEVELOPMENT AGREEMENT OR OTHER AGREEMENTS~~Section in Development Agreement	~~SUMMARY~~Summary
r. ~~r.~~ ~~Non-~~Non-competition covenants after the franchise is terminated or expires	Section ~~11(B)(2)~~8.C ~~Section 11(B)(3)~~	~~For a period of two (2) years after the termination/expiration/transfer of your Development Agreement, neither you, your principals, guarantors, owners, nor any immediate family member of you, your principals, guarantors, owners, may own, operate or otherwise be involved with any business that competes with us and is involved in the licensing or franchising, or establishing of joint ventures for the operation, of Competing Businesses.~~ ~~For a period of two (2) years after the termination/expiration/transfer of your Franchise Agreement, neither you, your principals, guarantors, owners, nor any immediate family member of you, your principals, guarantors, owners, may own, operate or otherwise be involved with and Competing Business: (i) within the Development Area; (ii) within a 40-mile radius of your Development Area or any other designated territory or designated area licensed by us to a Studio as of the date of expiration/termination of the Development Agreement through the date you attempt to engage in any competitive activity prohibited by this Section.~~ ~~During this two-year period, these parties are also prohibited from: (i) soliciting business from customers of your former Studios; (ii) contacting any of our suppliers/vendors for a competitive business purpose; or (iii) subject to and as permitted by applicable law(s), soliciting any employees of us, our affiliates or any other System franchisee or developer to discontinue their employment.~~For two years after the expiration/termination, may not own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to, lease/sublease space to, provide services to, or have any interest in or involvement with, any other Competing Business: (a) within the Development Area; (b) within 10 miles outside the boundaries of the Development Area, or (c) within a 10-mile radius of any Studio that is open, under lease or otherwise under development as of the date Development Agreement expires or is terminated or, as to a transferring owner, the date of such transfer.
s. ~~s.~~ Modification of the Development Agreement	~~Section 23(F)~~Article 14	Your Development Agreement may not be modified, except by a writing signed by both parties.

~~PROVISION~~Provision	~~SECTION IN DEVELOPMENT AGREEMENT OR OTHER AGREEMENTS~~Section in Development Agreement	~~SUMMARY~~Summary
t. ~~t.~~ Integration/merger~~/~~ clause	~~Section 23(G)~~Article 14	Only the terms of the Development Agreement ~~(and ancillary agreements) and this Disclosure Document~~ are binding (subject to applicable state law) and may only be modified to the extent required by an appropriate court to make the Development Agreement enforceable. Any representations or promises outside of the Disclosure Document and ~~this~~other ~~A~~agreements may not be enforceable. Notwithstanding the foregoing, ~~N~~nothing in ~~this Agreement or any related~~any franchise agreement is intended to disclaim the express representations made in ~~this~~the Disclosure Document.
u. ~~u.~~ Dispute resolution by arbitration or mediation	~~Sections 22(A) – (C)~~Article 12	You must first submit all disputes and controversies arising under the Development Agreement to our management and make every effort to resolve the dispute internally. At our option, all claims or disputes arising out of the Development Agreement must be submitted to non-binding mediation, which will take place at our or, as applicable, our successor's or assign's then-current ~~headquarters~~principal place of business (currently, Irvine, California) (subject to applicable state law). If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation. Except for our right to seek injunctive relief in any court of competent jurisdiction and as otherwise described above, we an~~y~~d ~~claim arising out of or relating to the Development Agreement or the relationship of the parties, and any controversy regarding the establishment of the fair market value of assets of the Studio will be resolved in binding arbitration before a single arbitrator in Orange County~~you must arbitrate all disputes at a location at our or, as applicable, our successor's or assign's then-current principal place of business (currently, in Irvine, California) (subject to ~~applicable~~ state law).

~~PROVISION~~Provision	~~SECTION IN DEVELOPMENT AGREEMENT OR OTHER AGREEMENTS~~Section in Development Agreement	~~SUMMARY~~Summary
v. ~~v.~~ Choice of forum	Section ~~22(A)~~12.F	~~Any action that is not s~~Subject to the arbitration requirement, litigation must be brought in ~~state or federal court in Orange County~~the court nearest to our or, as applicable, our successor's or assign's then current principal place of business (currently, Irvine, California) (subject to ~~applicable~~ state law). However, we may seek injunctive relief in any court of competent jurisdiction.
w. ~~w.~~ Choice of law	Section ~~21(~~12.A~~)~~	~~The Development Agreement is governed by the laws of the state of California without reference to this state's conflict of laws principles (subject to state law), except that:~~ ~~(i) any disputes or actions involving any non-competition covenants, including the interpretation and enforcement thereof, must be governed by the law of the state where the Studio is located; and~~ ~~(ii) the laws of California regarding franchises including, without limitation, the California Franchise Investment Law ("CFIL"), California franchise relationship act and all corresponding regulations thereunder, shall not (and may not be construed to) apply to your Franchised Business or Agreement unless the jurisdictional, definitional and other requirements of such laws are met absent and without reference to this Section of the Agreement.~~ Except for the U.S. Trademark Act, the Federal Arbitration Act other federal laws, and disputes involving non-competition covenants (which are governed by the law of the state in which your Studio is located), California law applies (subject to state law).

Applicable state law may require additional disclosures related to the information in this Disclosure Document. These additional disclosures appear in Exhibit ~~G~~H, entitled State Specific Addenda, to this Disclosure Document.

ITEM 18~~ITEM 18~~
PUBLIC FIGURES

We do not currently use any public figure or personality to promote the ~~f~~Franchise being offered in this Disclosure Document.

ITEM 19~~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.

Definitions

- "Fully Scheduled Qualified Studio" means a Studio that was owned and operated by a franchisee for the entire Measurement Period (except for permitted temporary closures), that was in operation for at least twelve (12) calendar months when its results began to be included in the data set and as of the end of the calendar month for which its results were included, and that scheduled at least 125 classes during the respective calendar month. Fully Scheduled Qualified Studios do not include Studios that operated at Non-Traditional Sites.

- "Gross Revenue" means the total revenue generated by a given Studio during a particular calendar month within the Measurement Period, including all revenue generated from the sale and provision of any and all approved services at, from, or otherwise through, that Studio. Gross Revenue excludes sales tax (that the Studio owner must pay directly to the appropriate taxing authority). Please note, Gross Revenue is defined differently than how "Gross Sales' is defined in the Franchise Agreement, and as such, the amount of Royalty fees you pay under the Franchise Agreement may be different than if applied to Gross Revenue data provided below.

- "Measurement Period" means the period beginning on March 1, 2022 and ending on February 28, 2023. Each month in the Measurement Period is an entire calendar month.

- "Minimally Scheduled Qualified Studio" means a Studio that was owned and operated by a franchisee for the entire Measurement Period (except for permitted temporary closures), that was in operation for at least 12 calendar months when its results began to be included in the data set and as of the end of the calendar month for which its results were included, and that scheduled less than 125 classes during the respective calendar month. Minimally Scheduled Qualified Studios do not include Studios that operated at Non-Traditional Sites.

- "Non-Traditional Site" means any location that is situated within or as part of a larger venue or facility and, as a result, is likely to draw the predominance of its customers from those persons who are using or attending events in the larger venue or facility (for example, "big box" gyms and/or fitness facilities, cruise ships, military bases, shopping malls, airports, sports facilities and stadiums, industrial or office complexes, hotels, train stations and other transportation facilities, travel plazas, casinos, hospitals, theme parks, convention centers, colleges/universities, multi-unit residential properties, and other similar captive market locations).

- "Qualified Studio" means a Studio that was owned and operated by a franchisee for the entire Measurement Period (except for permitted temporary closures) and that was in operation for at least 12 calendar months when its results began to be included in the data set and as of the end of the calendar month for which its results were included. Qualified Studios do not include Studios that operated at Non-Traditional Sites.

Data Set and Methodology

The charts below reflect the average Gross Revenue of Qualified Studios, Fully Scheduled Qualified Studios, and Minimally Scheduled Qualified Studios during each calendar month in the Measurement Period. We calculated the average Gross Revenue for each calendar month by adding the total amount of monthly Gross Revenue generated by Qualified Studios (or, as applicable, Fully Scheduled Qualified Studios, and Minimally Scheduled Qualified Studios), then dividing that number by the number of Qualified Studios (or, as applicable, Fully Scheduled Qualified Studios, and Minimally Scheduled Qualified Studios), for that calendar month. We also show the range and median of monthly Gross Revenue for Qualified Studios, Fully Scheduled Qualified Studios, and Minimally Scheduled Qualified Studios for each respective calendar month. The range is the space between the lowest and highest monthly Gross Revenue amounts for the particular calendar month. The median is the middle monthly Gross Revenue amount for the particular calendar month. If there was an even number of Qualified Studios, and Fully Scheduled Qualified Studios, and Minimally Scheduled Qualified Studios that were accounted in the particular calendar month, the median is the average of the two middle data points.

The data presented below is data we obtained from monthly profit and loss reports provided to us by franchisees of Qualified Studios, Fully Scheduled Qualified Studios, and Minimally Scheduled Qualified Studios. In each case, the data used was the franchisee's data. Neither we nor our affiliates have undertaken an independent investigation to verify the data that was reported by franchisees.

~~**BACKGROUND**~~

~~In Part I of this Item, we disclose the average, median and certain other monthly Gross Revenue generated in each calendar month comprising the 2021 calendar year (each, a "Calendar Month" and collectively, the "Measurement Period") amongst the franchised Studios that were: (i) owned and operated by a System franchisee over the entirety of the Measurement Period; and (ii) operating for at least 12 months beyond their soft opening date as of the end of that Calendar Month (the "Disclosed Studios").~~

~~In Part I, the Applicable Subset for a given Calendar Month excludes any Studio that was not open for at least 12 months beyond its soft opening date as of the end of that Calendar Month (the "Excluded Studios").~~

~~In Part II of this Item, we disclose two (2) different Charts. The first Chart (Chart 2-A) discloses the average, median and certain other monthly Gross Revenue generated during the Measurement Period amongst Disclosed Studios that scheduled a minimum of 115 classes per Calendar Month in accordance with our recommended standards and specifications (the "Fully Scheduled Disclosed Studios").~~

~~The second Chart (Chart 2-B) discloses the average, median and certain other monthly Gross Revenue generated during the Measurement Period amongst Disclosed Studios that scheduled less than 115 classes per Calendar Month, which does not follow our recommended standards and specifications (the "Minimally Scheduled Disclosed Studios"). The Excluded Studios are excluded from Part II of this Item 19.~~

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~~***SIGNATURES ON THE FOLLOWING PAGE]***~~

~~*1-A. Average and Median and Other Reported Gross Revenue Information Amongst the Applicable Subset of all Disclosed Studios for each Calendar Month Comprising the Measurement Period*~~

The below provides the data relevant to Qualified Studios that, as of the particular calendar month, were open and operating for at least 12 months:

	~~Jan-21~~ Mar-22	~~Feb-21~~Apr-22	Ma~~r~~y~~-2~~ ~~1~~-22	~~Apr-21~~Jun-22	~~May-21~~ Jul-22	~~Jun-21~~Aug-22	~~Jul-21~~Sep-22	~~Aug-21~~ Oct-22	~~Sep-21~~Nov-22	~~Oct-21~~Dec-22	~~Nov-21~~Jan-23	~~Dec-21~~Feb-23
~~*Average Reported*~~*Number of Qualified Studios*	~~$26,561~~ 4	~~$17,393~~ 4	~~$23,177~~ 5	~~$23,659~~ 5	~~$33,420~~ 7	~~$29,379~~ 8	~~$25,663~~ 8	~~$24,861~~ 8	~~$25,704~~ 8	~~$25,038~~ 9	~~$30,246~~ 11	~~$24,137~~ 11
~~*# Studios in Applicable Subset*~~	~~1~~	~~2~~	~~2~~	~~2~~	~~2~~	~~3~~	~~3~~	~~3~~	~~3~~	~~3~~	~~3~~	~~3~~
High ~~Reported~~ Average Gross Revenue	$~~26,561~~ 30,056	$~~26,594~~ 29,519	$~~33,773~~ 29,335	$~~35,930~~ 28,673	$~~52,127~~ 22,985	$~~53,283~~ 21,712	$~~44,291~~ 22,702	$~~43,446~~ 22,674	$~~46,243~~ 26,437	$~~46,223~~ 21,849	$~~61,489~~ 26,593	$~~44,150~~ 26,687
~~*Median Reported*~~	~~$26,561~~	~~$17,393~~	~~$23,177~~	~~$23,659~~	~~$33,420~~	~~$17,500~~	~~$16,584~~	~~$16,330~~	~~$16,345~~	~~$15,920~~	~~$15,283~~	~~$14,141~~
~~*Low Reported*~~	~~$26,561~~	~~$8,193~~	~~$12,582~~	~~$11,389~~	~~$14,712~~	~~$17,354~~	~~$16,113~~	~~$14,807~~	~~$14,525~~	~~$12,971~~	~~$13,967~~	~~$14,121~~
~~#~~*Number of Qualified* Studios ~~*in Applicable Subset*~~ *that Met or Exceeded the Average* ~~*Reported*~~	1 (~~100~~25%)	2 ~~1~~ (50%)	1 (20%)	2 (40%)	4 (57%)	4 (50%)	4 ~~1~~ (50%)	4 ~~1~~ (50%)	3 ~~1~~ (~~33~~38%)	4 ~~1~~ (~~33~~44%)	5 ~~1~~ (~~33~~45%)	5 ~~1~~ (~~33~~45%) ~~1 (33%)~~
Median Gross Revenue	$28,256	$28,763	$26,894	$28,013	$25,075	$19,867	$21,437	$21,765	$25,138	$19,961	$26,212	$23,607 ~~1 (33%)~~ ~~1 (33%)~~
Range of Gross Revenue	$13,309 to $50.401	$13,076 to $47,472	$13,198 to $58,602	$13,271 to $53,463	$5,537 to $44,904	$5,016 to $45,142	$5,430 to $48,896	$5,482 to $54,180	$5,510 to $66,980	$5,919 to $54,373	$6,515 to $55,326	$7,383 to $52,038

~~*2-A. Average and Median and Other Reported Gross Revenue Information Amongst the Applicable Subset of all Fully Scheduled Disclosed Studios for each Calendar Month Comprising the Measurement Period*~~

The below provides the data relevant to Fully Scheduled Qualified Studios that, as of the particular calendar month, were open and operating for at least 12 months:

	~~Jan-21~~ Mar-22	~~Feb-21~~Apr-22	Mar~~y-21~~-22	~~Apr-21~~Jun-22	~~May-21~~ Jul-22	~~Jun-21~~Aug-22	~~Jul-21~~Sep-22	~~Aug-21~~ Oct-22	~~Sep-21~~Nov-22	~~Oct-21~~Dec-22	~~Nov-21~~Jan-23	~~Dec-21~~Feb-23
~~*Average Reported*~~	~~N/A~~	~~$8,193~~	~~$12,582~~	~~$35,930~~	~~$52,127~~	~~$53,283~~	~~$44,291~~	~~$43,446~~	~~$46,243~~	~~$25,038~~	~~$37,728~~	~~$29,145~~
~~*#*~~*Number of Fully Scheduled Qualified* Studios ~~*in Applicable Subset*~~	~~0~~2	~~1~~2	~~1~~3	~~1~~3	~~1~~4	~~1~~7	~~1~~5	~~1~~6	~~1~~5	~~3~~6	~~2~~8	~~2~~6
~~*High Reported*~~ *Average Gross Revenue*	~~N/A~~$40,132	$~~8,193~~38,736	$~~12,582~~35,528	$~~35,930~~31,583	$~~52,127~~28,296	$~~53,283~~24,098	$~~44,291~~29,627	$~~43,446~~26,554	$~~46,243~~34,643	$~~46,223~~26,928	$~~61,489~~31,516	$~~44,150~~37,049
~~*Median Reported*~~	~~N/A~~	~~$8,193~~	~~$12,582~~	~~$35,930~~	~~$52,127~~	~~$53,283~~	~~$44,291~~	~~$43,446~~	~~$46,243~~	~~$15,920~~	~~$37,728~~	~~$29,145~~
~~*Low Reported*~~	~~N/A~~	~~$8,193~~	~~$12,582~~	~~$35,930~~	~~$52,127~~	~~$53,283~~	~~$44,291~~	~~$43,446~~	~~$46,243~~	~~$12,971~~	~~$13,967~~	~~$14,141~~
~~*# of*~~*Number of Fully Scheduled Qualified* Studios ~~*in Applicable Subset*~~ *that Met or Exceeded the Average* ~~*Reported*~~	1 ~~0~~(50%)	1 (~~100~~50%)	1 (~~100~~33%)	1 (~~100~~33%)	2 ~~1~~ (~~100~~50%)	3 ~~1~~ (~~100~~43%)	2 ~~1~~ (~~100~~40%)	2 ~~1~~ (~~100~~33%)	1 (~~100~~20%)	3 ~~1~~ (~~33~~50%)	3 ~~1~~ (~~50~~38%)	2 ~~1~~ (~~50~~33%)
Median Gross Revenue	$40,132	$38,736	$28,141	$28,013	$27,295	$22,963	$25,116	$25,608	$28,457	$26,194	$29,995	$32,243
Range of Gross Revenue	$29, 862 to $50,401	$30,000 to $47,472	$19,841 to $58,602	$13,271 to $53,463	$13,689 to $44,904	$9,070 to $45,142	$18,908 to $48,896	$8,061 to $54,180	$22,780 to $66,980	$6,670 to $54,373	$6,914 to $55,326	$23,607 to $52,038

The below provides the data relevant to Minimally Scheduled Qualified Studios that, as of the particular calendar month, were open and operating for at least 12 months:

~~2-B. Average and Median and Other Reported Gross Revenue Information Amongst the Applicable Subset of all Minimally Scheduled Studios for each Calendar Month Comprising the Measurement Period~~

	~~Jan-21~~ Mar-22	~~Feb-21~~ Apr-22	~~Mar-21~~ May-22	~~Apr-21~~ Jun-22	~~May-21~~ Jul-22	~~Jun-21~~ Aug-22	~~Jul-21~~ Sep-22	~~Aug-21~~ Oct-22	~~Sep-21~~ Nov-22	~~Oct-21~~ Dec-22	~~Nov-21~~ Jan-23	~~Dec-21~~ Feb-23
~~*Average Reported*~~	~~$26,561~~	~~$26,594~~	~~$33,773~~	~~$11,389~~	~~$14,712~~	~~$17,427~~	~~$16,348~~	~~$15,569~~	~~$15,435~~	~~N/A~~	~~$15,283~~	~~$14,121~~
~~#~~*Number of Minimally Scheduled Qualified* Studios ~~*in Applicable Subset*~~	~~1~~2	~~1~~2	~~1~~2	~~1~~2	~~1~~3	~~2~~1	~~2~~3	2	~~2~~3	~~0~~3	~~1~~3	~~1~~5
~~*High Reported*~~ *Average Gross Revenue*	$~~26,561~~19,980	$~~26,594~~20,301	$~~33,773~~20,046	$~~11,389~~24,308	$~~14,712~~15,903	$~~17,500~~5,016	$~~16,584~~11,160	$~~16,330~~11,034	$~~16,345~~12,762	~~N/A~~$11,692	$~~15,283~~13,464	$~~14,121~~14,251
~~*Median Reported*~~	~~$26,561~~	~~$26,594~~	~~$33,773~~	~~$11,389~~	~~$14,712~~	~~$17,427~~	~~$16,348~~	~~$15,569~~	~~$15,435~~	~~NA~~	~~$15,283~~	~~$14,121~~
~~*Low Reported*~~	~~$26,561~~	~~$26,594~~	~~$33,773~~	~~$11,389~~	~~$14,712~~	~~$17,354~~	~~$16,113~~	~~$14,807~~	~~$14,525~~	~~N/A~~	~~$15,283~~	~~$14,121~~
~~*# of*~~*Number of Minimally Scheduled Qualified* Studios ~~*in Applicable Subset*~~ *that Met or Exceeded the Average* ~~*Reported*~~	1 (~~100~~50%)	1 (~~100~~50%)	1 (~~100~~50%)	1 (~~100~~50%)	2 ~~1~~ (~~100~~66%)	1 (~~50~~100%)	1 (~~50~~33%)	1 (50%)	1 (~~50~~33%)	1 ~~0~~(33%)	1 (~~100~~33%)	2 ~~1~~ (~~100~~40%)
Median Gross Revenue	$19,980	$20,301	$20,046	$24,308	$16,544	$5,016	$9,784	$11,034	$8,247	$9,197	$11,775	$12,323
Range of Gross Revenue	$13,309 to $26,651	$13,076 to $27,526	$13,198 to $26,894	$17,389 to $31,227	$5,537 to $25,627	$5,016 to $5,016	$5,430 to $18,267	$5,482 to $16,586	$5,510 to $24,528	$5,919 to $19,961	$6,515 to $22,101	$7,383 to $21,728

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~~**Explanatory Note to Charts**~~

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

You should consult with your financial advisor or personal accountant concerning the financial analysis that you should make in determining whether or not to purchase a Studio franchise.

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

1. ~~The term "Gross Revenue" means the total revenue generated by a given Disclosed Studio over the Measurement Period, including all revenue generated from the sale and provision of any and all Approved Services at, from, or otherwise through, that Studio.~~
   ~~Please note that the term "Gross Revenue": (i) excludes sales tax (that Studio owner must pay directly to the appropriate taxing authority); and (ii) does not account for revenue the Disclosed Studios may have generated by providing the Teacher Training Program.~~
2. ~~The "Average Gross Revenue" figure was calculated by taking the sum of all the Gross Revenue generated by the Disclosed Studios and dividing that amount by the number of Disclosed Studios in the appropriate subset at issue.~~
3. ~~The "Median Gross Revenue" figure was determined by taking the middle reported Gross Sales value amongst the Gross Revenue values reported by the appropriate subset of Disclosed Studios once those values are sorted from highest to lowest dollar amount.~~

~~**Notes Regarding the Disclosed Studio and Item 19 Generally**~~

1. ~~This Item does not contain any information related to the operating costs and expenses that are incurred in connection with the establishment and/or operation of a Franchised Business. If you wish to better understand these costs beyond the initial period of operations disclosed in Item 7 of this Disclosure Document, we respectfully suggest that you contact one of our existing System franchisees and make the kind of inquiries you (along with your business advisors) determine appropriate prior to entering into any franchise or area development agreement with us. Operating costs and expenses vary from business to business and will include, among other things, the royalty and other fees you are required to pay to us and/or our Approved Supplier(s) in connection with your Franchised Business.~~
2. ~~The figures provided in this Item do not account for amortization, depreciation, interest on debt services and/or any tax liability. We suggest you speak to your business advisors, as your determine appropriate, regarding these financial aspects of the Franchised Business.~~
3. ~~When reviewing this Item 19 and evaluating our franchise offering generally, it is very important to note the following characteristics of one (1) of the three (3) Disclosed Studios described in this Item 19 (as compared to a new Franchised Business):~~
   a. ~~The territory wherein the Disclosed Studio operates is located in Pasadena, California, where our brand may have obtained a reputation and garnered some goodwill amongst the relevant target audience (as compared to another region of the United States where there are no Studio locations). This Disclosed Studio has been operating utilizing the Proprietary Marks and System since before we commenced franchising in February 2019;~~
   b. ~~The Disclosed Studio was not required to pay us or any other party an Initial Franchise Fee or the other initial fees described in Item 5 of this Disclosure Document.~~

~~c. The Disclosed Studio utilizes a total of 25 treadmills, which is what we expect and assume our System franchisees will use when equipping and operating their franchised Studio. There are no such disclosures in the Chart above detailing such lease payments or any of the other operating costs and expenses that the Disclosed Studio incurred in connection with its operations.~~

~~d. Certain aspects of the Disclosed Studio are primarily managed on a day-to-day basis by a single individual that is engaged by the Disclosed Studio to manage such matters. While this engagement would be similar to you engaging a "Designated Manager" or other third party to assist in managing certain aspects of your Franchised Business, we do not expect that you will be engaging such a third party at the outset of operating your new Franchised Business (unless you are a multi-unit owner).~~

~~4. This Item 19 does not discuss or disclose any of the operating costs or expenses that will be incurred in connection with the establishment and ongoing operation of a Franchised Business. We strongly recommend that you consult with your business advisors and other portions of this Disclosure Document when accounting for the same before entering into an agreement with us, including the impact of tax liability, depreciation, amortization and any debt services costs on your specific operations.~~

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing ~~franchised~~ Studio, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to ~~the~~ our management by contacting our Brand President, Jeff Stokes, c/o Stride Franchise SPV, LLC, 17877 Von Karman Ave., Suite 100, Irvine, CA 92614 or via telephone at (~~949) 490-5989~~513) 815-8467, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20~~ITEM 20~~
OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
Systemwide Outlet Summary
~~FOR YEARS 2019 TO 2021~~
For Years 2020 to 2022[1]

Outlet ~~T~~Type	~~Y~~Year	~~O~~Outlets at the ~~S~~Start of the ~~Y~~Year	~~O~~Outlets at the ~~E~~End of the ~~Y~~Year	~~N~~Net ~~C~~Change
~~FRANCHISED~~	~~2019~~	~~0~~	~~1~~	~~1~~
Franchised[2]	2020	1	3	~~2~~+2
	2021	3	10	+7
~~COMPANY-OWNED~~	~~2019~~2022	~~1~~10	~~0~~17	~~-1~~+7
Company Owned	2020	0	1	~~1~~+1
	2021	1	0	-1

Outlet ~~T~~Type	~~Y~~Year	~~O~~Outlets at the ~~S~~Start of the ~~Y~~Year	~~O~~Outlets at the ~~E~~End of the ~~Y~~Year	~~N~~Net ~~C~~Change
~~TOTAL OUTLETS~~	~~2019~~2022	~~1~~0	1	~~0~~+1
Total Outlets	2020	1	4	~~3~~+3
	2021	4	10	+6
	2022	10	18	+8

1. The numbers are as of December 31 of each year in each of the tables provided in Item 20.
2. Since we have only started offering franchises for Studios as of the date of this Disclosure Document, the numbers provided in each of the tables provided in Item 20 are related Studios under franchise agreements with, or owned or operated by, Predecessor.

TABLE 2
~~TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS~~
Transfer of Outlets from Franchisees to New Owners
(~~OTHER THAN FRANCHISOR~~Other Than Franchisor)
~~FOR THE YEARS 2019 TO 2021~~
For Years 2020 to 2022

~~STATE~~State	~~Y~~Year	~~NUMBER OF TRANSFERS~~Number of Transfer
CA	~~2019~~2020	0
	2021	2
	2022	1
FL	2020	0
	2021	~~2~~1
~~FL~~	~~2019~~2022	0
TX	2020	0
	2021	~~1~~0
~~TOTAL OUTLETS~~	~~2019~~2022	~~0~~1
Total Outlets	2020	0
	2021	3
	2022	2

TABLE 3
Status of Franchise Outlets
For Years 2020 to 2022
~~STATUS OF FRANCHISE OUTLETS~~
~~FOR YEARS 2019 TO 2021~~

~~STATE~~State	~~YEAR~~Year	~~OUTLETS AT START OF YEAR~~Outlets at the Start of the Year	~~OUTLETS OPENED~~ Outlets Opened	~~TERMI-NATIONS~~Terminations	~~NON-RENEWALS~~Non Renewals	~~REACQUIRED BY FRANCHISOR~~Reacquired by Franchisor	~~CEASED OPERATIONS-OTHER REASONS~~Ceased Operations – Other Reasons	~~OUTLETS AT END OF THE YEAR~~Outlets at End of the Year
AZ	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
~~CA~~	~~2019~~2022	0	1	0	0	0	0	1
CA	2020	1	1	0	0	0	0	2
	2021	2	2	0	0	0	0	4
	2022	4	1	0	0	0	0	5
~~FL~~CO	~~2019~~2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
FL	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
~~IL~~	~~2019~~2022	~~0~~1	0	0	0	~~0~~1	0	0
IL	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
	2022	2	0	0	0	0	0	2
IN	~~2019~~2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MA	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	~~2021~~2022	0	1	0	0	0	0	1
~~TX~~NV	~~2019~~2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
PA	2020	0	0	0	0	0	0	0
	2021	0	~~2~~0	0	0	0	0	~~2~~0

~~STATE~~State	~~YEAR~~Year	~~OUTLETS AT START OF YEAR~~Outlets at the Start of the Year	~~OUTLETS OPENED~~ Outlets Opened	~~TERMI-NATIONS~~Terminations	~~NON-RENEWALS~~Non Renewals	~~REACQUIRED BY FRANCHISOR~~Reacquired by Franchisor	~~CEASED OPERATIONS-OTHER REASONS~~Ceased Operations – Other Reasons	~~OUTLETS AT END OF THE YEAR~~Outlets at End of the Year
~~TOTAL~~	~~2019~~2022	0	1	0	0	0	0	1
TX	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
	2022	2	2	0	0	0	0	4
Total	2020	1	2	0	0	0	0	3
	2021	3	7	0	0	0	0	10
	2022	10	8	0	0	1	0	17

TABLE 4

Status of Company-Owned Outlets

For Years 2020 to 2022

~~**STATUS OF COMPANY-OWNED OUTLETS**~~

~~**FOR YEARS 2019 TO 2021**~~

~~STATE~~State	~~YEAR~~Year	~~OUTLETS AT START OF YEAR~~Outlets at the Start of the Year	~~OUTLETS OPENED~~Outlets Opened	~~OUTLETS REACQUIRED FROM FRANCHISEE~~Outlets Reacquired from Franchisee	~~OUTLETS CLOSED~~ Outlets Closed	~~OUTLETS SOLD TO FRANCHISEE~~Outlets Sold to Franchisee	~~OUTLETS AT END OF THE YEAR~~Outlets at End of the Year
CA	~~2019~~2020	~~1~~0	~~0~~1	0	0	~~1~~0	~~0~~1
	~~2020~~2021	~~0~~1	~~1~~0	0	0	~~0~~1	~~1~~0
	~~2021~~2022	~~1~~0	0	0	0	~~1~~0	0
FL	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
~~TOTAL~~	~~2019~~2022	~~1~~0	0	~~0~~1	0	~~1~~0	~~0~~1
Total	2020	0	1	0	0	0	1
	2021	1	0	0	0	1	0
	2022	0	0	1	0	0	1

TABLE 5

~~PROJECTED OPENINGS AS OF DECEMBER~~Projected Openings as of December 31, ~~2021~~2022

~~STATE~~State	~~UNIT FRANCHISE AGREEMENTS SIGNED BUT OUTLETS NOT OPENED~~ Unit Franchise Agreements Signed But Outlets Not Opened	~~PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR~~Projected New Franchised Outlets in the Next Fiscal Year	~~PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR~~Projected new Company-owned Outlets in the Next Fiscal Year
~~AZ~~CA	2	1	0
~~CA~~	~~4~~	~~3~~	~~0~~
CO	1	1	0
~~GA~~IN	1	1	0
~~IL~~MO	~~1~~2	1	0
~~IN~~NC	1	1	0
~~MA~~PA	1	1	0
~~NV~~	~~1~~	~~1~~	~~0~~
~~OK~~	~~2~~	~~1~~	~~0~~
TN	1	1	0
~~TX~~Total	~~2~~9	~~1~~7	0
~~TOTAL~~	~~17~~	~~13~~	~~0~~

A list of the names, addresses and telephone numbers of ~~our~~Predecessor's current franchisees as of the Issuance Date of this ~~D~~disclosure ~~D~~document~~, as well as a~~ is attached as Exhibit I. A list of the names, addresses and telephone numbers of ~~our~~Predecessor's franchisees who have had a franchise terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with ~~us~~Predecessor within 10 weeks of the issuance date of this franchise disclosure document~~, are~~ is attached as Exhibit ~~H~~J. As we commenced offering franchises as of the Issuance Date, we do not currently have any franchisee or former franchisee information to disclose.

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

In the last three fiscal years, ~~some~~Predecessor has required franchisees ~~have~~to enter~~ed~~ into confidentiality agreements that ~~may~~ restrict their ability to speak openly about their experience with our franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no trademark-specific franchisee organizations ~~that require disclosure~~associated with the franchise system being offered in this Item.

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

ITEM 21~~ITEM 21~~
FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit C~~-1 contains~~ is the audited consolidated opening balance sheet of Assetco as of March 15, 2023. Assetco was formed in March 2023, and therefore, is unable to provide three years of financial statements~~ of our affiliate's parent, CycleBar Holdco, LLC, for its last three fiscal years ending December 31, 2021, December 31, 2020, and December 31, 2019.~~

. We are a wholly-owned subsidiary of Assetco, and Assetco absolutely and unconditionally guarantees to assume our duties and obligations under the Franchise Agreements and Development Agreements entered into while we are the wholly owned subsidiary of Assetco. A copy of the Assetco guaranty is attached as Exhibit D. ~~CycleBar Holdco, LLC is the parent and guarantor of our affiliate and guarantees certain of our performance obligations to franchisees, as set forth in the form of affiliate guaranty attached to this Disclosure Document as **Exhibit C-2**~~.

Our and Assetco's fiscal year ends ~~is~~on December 31 of each year.

ITEM 22~~ITEM 22~~
CONTRACTS

The following agreements are attached to this Disclosure Document:

Exhibit A-1	Franchise Agreement and Exhibits	
	Exhibit 1	Ownership Interests; Designated Market Area; Authorized Location ~~Addendum~~; Designated Territory
	Exhibit 2~~ Electronic Funds Transfer Agreement~~ Authorized Location Addendum	
	~~Exhibit 3 Electronic Debit Authorization~~	
	Exhibit ~~4~~ 3	Guarantee, Indemnification and Acknowledgment
	Exhibit ~~5~~ 4	Addendum to Lease
Exhibit A-2	Non-Traditional Site Addendum	
Exhibit ~~D~~E	Statement of Prospective Franchisee	
Exhibit ~~F~~G	Form of General Release	
Exhibit ~~G~~H	State Specific Addenda	
Exhibit ~~I~~K	Development Agreement	

ITEM 23~~ITEM 23~~
RECEIPTS

Exhibit L contains detachable documents acknowledging your receipt of the Disclosure Document.

~~**Exhibit K** to this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to our Chief Operating Officer at the following address: Attn: Franchise Administration c/o Stride Franchise, LLC, 17877 Von Karman Ave., Suite 100, Irvine, CA 92614 or via telephone at (949) 490-5989.~~

EXHIBIT A-1

FRANCHISE AGREEMENT

STRIDE FRANCHISE SPV, LLC

STRIDE®

FRANCHISE AGREEMENT ~~AND RELATED EXHIBITS~~

TABLE OF CONTENTS

EXHIBITS

STRIDE ~~FRANCHISE, LLC~~®
FRANCHISE AGREEMENT

~~In a number of places in this Franchise Agreement, you are asked to initial certain items to show that they have been fully discussed with you, and read, understood and agreed to by you. Initialing those areas does not lessen the importance of other areas or mean they are not fully enforceable.~~

This Franchise Agreement (this “Agreement”) is ~~entered into as of the _____ day of ________________________, 20___ between: (i) Stride Franchise~~made effective as of the Effective Date by and between **STRIDE FRANCHISE SPV, LLC**, a Delaware limited liability company~~, doing~~ with its principal business ~~as “STRIDE” as of the date of this Agreement~~address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 (“Franchisor”)~~;~~, and ~~(ii) ______________________, a/an ______________________ with an address at __________________________________~~the person or entity identified as the “Franchisee” in the signature blocks below (“Franchisee”). The Effective Date is the date Franchisor signs this Agreement as shown beneath its signature hereto.

RECITALS

~~A.~~ Franchisor~~, by and through the efforts of itself and its principals/affiliates, have developed and Franchisor administers a system and franchise opportunity, including various fitness and exercise techniques and methods, trade secrets, copyrights, confidential and proprietary information and other intellectual property rights (collectively, the “System”) for the establishment and operation~~ owns, administers and grants franchises for a system of fitness studios ~~that feature running classes and instruction, as well as other authorized fitness-related services that we authorize (each, a “Studio”) identified by our then-current proprietary marks including, without limitation, our current primary mark “STRIDE” and other taglines, logos,~~(“Stride Studios”) that are currently identified by and use the trademark “Stride” and other related trademarks~~,~~ and service marks ~~and other indicia of source (collectively, the “Marks”), all of which Franchisor may supplement and otherwise modify as it determines appropriate in its discretion.~~

designated from time to time by Franchisor (the “Marks”), that reflect distinctive interior design and display procedures, and color scheme and décor (~~B. The System includes the Marks and~~the “Trade Dress”), and that use certain of Franchisor’s intellectual property including trade secrets, copyrights, confidential and proprietary ~~methods and information and procedures for the establishment and operation of Studios, including, without limitation, confidential manuals (collectively, the “Manual”), training methods~~information, and designated training and exercise methods and know-how, fitness equipment, furniture and fixtures, marketing, advertising and sales promotions, cost controls, accounting and reporting procedures, and personnel management~~, distinctive interior design and display procedures, and color scheme and décor (collectively, the “Trade Dress”).~~ systems (together with the Marks and Trade Dress, the “System”). Stride Studios offer specialized instruction and related services that Franchisor authorizes from time to time (the “Approved Services”) and offer and sell certain merchandise and other products Franchisor authorizes for sale from time to time (the “Approved Products”).

Franchisee has requested that Franchisor grant it a franchise to own and operate a Stride Studio and, to support its request, has provided Franchisor with certain information about its experience, skills and resources (the “Application Materials”). Franchisee has independently investigated the business contemplated by this Agreement and recognizes that the nature of the business may change over time.

Franchisor is willing to grant Franchisee's request on the terms and conditions contained in this Agreement.

~~C. Franchisor grants to qualified persons who are willing to undertake the required investment and effort, a franchise to own and operate a Studio offering (i) proprietary running classes and instruction on designated equipment, as well as other fitness-related classes and services that Franchisor authorizes (collectively, the "Approved Services"), which may include a proprietary training program that individuals that wish to provide running instruction to Studio clientele (each, an "Authorized Coach") as an authorized coach (the "Authorized Coach Program"), and (ii) certain merchandise and other products Franchisor authorizes for sale in conjunction with the Approved Services and Studio operations (collectively, the "Approved Products"), all while utilizing the System and Marks.~~

~~D. Franchisee desires to obtain a franchise to use the System and Marks in the development and operation of a franchised Studio at the location specified in this Agreement (hereafter, the "Franchised Business").~~

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

NOW, THEREFORE, in consideration of and reliance on the foregoing~~, the fees and other sums payable by Franchisee and of the mutual covenants contained in this Agreement,~~ Recitals (which are incorporated herein by reference), the agreements described below, and other valuable consideration, receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. ~~1.~~ GRANT OF FRANCHISE~~; LOCATION~~

1.1 Grant. ~~**Grant**. You~~Franchisee agrees to, at all times, faithfully, honestly and diligently ~~to~~ perform ~~your~~its obligations under this Agreement and to use ~~your~~its best efforts to promote ~~the Franchisor System and brand, as well the Studio~~its Stride Studio (the "Studio") as described herein. Accordingly, Franchisor grants to Franchisee the non-exclusive right and license to~~:~~

establish ~~A. Establish~~ and operate a single Studio, offering only the Approved Services and Approved Products and utilizing only the System and the Marks, at ~~a~~the location ~~that has been authorized by Franchisor~~identified on Exhibit 1 or as determined in accordance with Section 1.2 below (the "Authorized Location"), in accordance with the provisions and for the ~~t~~Term (defined below) specified in this Agreement~~;~~.

Franchisee agrees not to conduct the business of its Studio at any location other than the Authorized Location and to use the Authorized Location only for the operation of its Studio. Franchisee also agrees that, once its Studio opens for business, it will continuously operate the Studio in accordance with this Agreement for the duration of the Term.

1.2 **Site Approval Process.**~~B. Use only the Marks of Franchisor under the terms of this Agreement to identify and promote the Studio offered hereunder; and~~

~~C. Use the proprietary running, fitness and exercise methods and know-how, as set forth periodically in Franchisor's operations manual (the "Operations Manual") and other manuals (collectively, the "Manuals"), training programs, or that Franchisor otherwise communicates to Franchisee.~~

~~1.2 **Site Approval Process**. Franchisor will assist Franchisee in connection with site selection by: (i) providing Franchisee with its then-current site selection criteria, to the extent such criteria has been reduced to writing; and (ii) providing Franchisee with access to a local real estate broker that is familiar with Franchisor's confidential site evaluation criteria, to the extent Franchisor has established relationships with such brokers in or around the Designated Market Area (as defined in Section 1.3 below). Franchisor will use commercially reasonable efforts to approve or reject a proposal for an Authorized Location within 30 days of the date Franchisor receives all reasonably-requested information regarding the proposed site. Franchisor's approval of the proposed site shall be deemed to be a binding addendum to this Agreement upon Franchisor and Franchisee's execution of Exhibit 1, which is attached hereto and incorporated herein by reference, and which will set forth the Authorized Location. Franchisor agrees not to unreasonably withhold approval of a site that meets its site criteria. Franchisee acknowledges that Franchisor's approval of a proposed site is permission only and not an assurance or guaranty to Franchisee of the availability, suitability or success of a location, and cannot create a liability for Franchisor. While Franchisor will provide site selection assistance as specified in Section 6.1 herein, Franchisee alone is ultimately responsible for selecting and developing an acceptable location for the Studio. Franchisee agrees to hold Franchisor harmless with respect to the selection of the Authorized Location by Franchisee. Franchisee must obtain lawful possession of an Authorized Location by lease, purchase or other method and open for regular, continuous business within six (6) months of the date that Franchisor accepts this Agreement. The opening date may be extended an additional three (3) months in certain instances, as explained in Section 2.2(D), below. Franchisor has the right to terminate this Agreement if Franchisee fails to select a site for the Studio that meets Franchisor's approval, within the time period allotted above.~~

~~1.2 **Authorized Location & Designated Territory**. If the Authorized Location has not been identified at the time this Agreement is signed, Franchisee must identify a site approved by Franchisor within the following geographical area:~~

~~____ ("Designated Market Area").~~

~~Once~~If the Authorized Location ~~for the Studio has been identified in the Authorized Location Addendum, attached hereto as Exhibit 1, Franchisor agrees that, so long as Franchisee is in good standing, neither it nor its affiliates will operate or establish, or authorize another System franchisee to operate or establish, a Studio using the System or Marks that is physically located within a certain geographical area surrounding the Authorized Location ("Designated Territory"). The Designated Territory, if any, will be defined in Exhibit 1, hereto.~~ is not identified on Exhibit 1 when Franchisee signs this Agreement, Franchisee must search for acceptable locations for the Studio within the area identified on Exhibit 1 (the "Designated Market Area") and secure Franchisor's acceptance of the proposed location within 90 days after the Effective Date. The Designated Market Area has been identified for the sole purpose of facilitating the orderly development of the market, and not for purposes of granting Franchisee any exclusivity or protection within the Designated Market Area. Franchisee acknowledges and agrees that Franchisor does not guarantee that Franchisee will find an acceptable site within the Designated Market Area.

Despite any assistance Franchisor provides to Franchisee, Franchisee is entirely responsible, at its expense, for doing everything necessary to develop and open the Studio in accordance with this Agreement, including, subject to Franchisor's prior written acceptance, locating, selecting, and securing possession of the Authorized Location.

Franchisee must provide any information Franchisor requests to aid in its evaluation of Franchisee's proposed site. Franchisor will have sole discretion to accept or reject any proposed site. Franchisor's acceptance is entirely for its own benefit and may not be relied upon by Franchisee as a representation, warranty, or indication of any kind, including as to the suitability of the Authorized Location or the likelihood of success of the Studio. Franchisor is not responsible should any of the criteria on which it bases its decision change or not serve the Franchisee's purposes.

When it accepts Franchisee's proposed site, Franchisor will designate, in its sole determination based on any and all factors that Franchisor determines to be important, an area around the Authorized Location (the "Designated Territory"). If the Authorized Location and Designated Territory are not identified in Exhibit 1 when this Agreement is signed, Franchisor will complete and deliver to Franchisee the Authorized Location Addendum attached hereto as Exhibit 2. Franchisee will have 10 days following delivery of the Authorized Location Addendum to execute and return it to Franchisor. If Franchisee rejects the addendum or does not timely sign and return it to Franchisor, Franchisor may, in its discretion, revoke its acceptance of the Authorized Location, in which case, Franchisee must propose and secure Franchisor's acceptance of an alternative site, using the same process, within the remainder of the 90-day period described above.

Once it acknowledges its acceptance of the Authorized Location and Designated Territory, Franchisee must thereafter obtain lawful possession of the Authorized Location by lease, purchase or other method and open its Studio in accordance with the conditions and deadlines set forth in this Agreement.

Franchisor will have the right to modify the boundaries of the Designated Territory if (a) Franchisee relocates its Studio as permitted under this Agreement, or (b) at the time of any requested renewal or proposed Transfer (defined below), the population of the Designated Territory is over 50,000, with said modifications designed to afford Franchisee with a territory that contains a population that is similar to that contained within the original Designated Territory.

1.3 Exclusivity for Designated Territory. As long as Franchisee is in compliance with this Agreement and except as described in Section 1.4 below, Franchisor will not operate, or grant a license to a third-party to operate, during the Term, a Stride Studio located within the Designated Territory.

1.4 Rights Reserved to Franchisor. ~~1.4~~ ~~**Rights Reserved to**~~For the avoidance of doubt, Franchisor~~. Notwithstanding anything contained~~ reserves for itself and its affiliates all rights not expressly granted to Franchisee in this Agreement and the right to do all things that Franchisor does not expressly agree in this Agreement not to do, in each case, without regard to proximity to the Studio and without any compensation to Franchisee, and on such terms and conditions as Franchisor deems appropriate. Without limitation, Franchisor and its affiliates~~(s)/parent(s) hereby reserve the exclusive~~ may, themselves or through authorized third-parties (and Franchisee is not granted the right to): (~~i~~a) open and operate, and license ~~third~~ third-parties the right to open or operate, other Stride Studios utilizing the Marks and System outside the Designated Territory; (~~ii~~b) market, offer and sell products and services similar to those offered by ~~the franchised business and other~~Stride Studios (such as private label products that Franchisor may develop and the ~~Bridge~~Authorized Coach Training Program (as defined in Section 5.5)) under a different trademark or trademarks at any location, both within ~~our~~or outside the Designated Territory; (~~iii~~c) use the Marks and System, as well as any other marks Franchisor may designate, to distribute Approved Products and/or Approved Services through alternate channels of distribution, including without limitation, via the Internet and other e-commerce channels, catalog sales, direct mail or wholesale, ~~at any location~~anywhere either within or outside the Designated Territory; (~~iv~~d) acquire, or be acquired by, or merge with, any company, including a company operating or licensing one or more businesses offering products or services similar to those offered by ~~a~~any Stride Studio located within or outside ~~Franchisee's~~the Designated Territory, and subsequently operate (or license a ~~third party~~third-party the right to operate) these ~~locations~~businesses and allow them to incorporate certain elements of the System (excluding the Marks and Trade Dress) regardless of location; (~~v) open and operate, or license third parties the right to open or operate, Studios at "Non-Traditional Locations," including (a) "big box" gyms and/or fitness facilities operating under a mark other than the Marks, (b) military bases, (c) shopping malls, (d) airports, stadiums, arenas and/or other sports, entertainment and captive venues, (e) major industrial or office complexes, (f) hotels, (g) train stations, travel plazas and/or other transportation centers, (h) casinos, hospitals and/or academic institutions, that are withine~~) develop or become associated with and engage in other businesses, including other fitness concepts and systems, and/or award franchises under such other concepts for locations anywhere, including inside and outside of the Designated Territory; ~~and~~ (~~vi~~f) use the Marks and System, and license others to use the Marks and System, to engage in any other activities not expressly prohibited by this ~~Franchise Agreement.~~Agreement; and (g) open and operate, or license third-parties the right to open or operate, Stride Studios at "Non-Traditional Sites" both within and outside the Designated Territory. A "Non-Traditional Site" is any location that is situated within or as part of a larger venue or facility and, as a result, is likely to draw the predominance of its customers from those persons who are using or attending events in the larger venue or facility (for example, "big box" gyms and/or fitness facilities, cruise ships, military bases, shopping malls, airports, sports facilities and stadiums, industrial or office complexes, hotels, train stations and other transportation facilities, travel plazas, casinos, hospitals, theme parks, convention centers, colleges/universities, multi-unit residential properties, and other similar captive market locations).

~~**I have read Article 1, understand it, and agree to comply with each of its Sections. Your Initials: ___________ / ___________**~~

2. ~~2.~~ ACCEPTANCE BY FRANCHISEE

2.1 ~~**2.1**~~ **Acceptance by Franchisee.** Franchisee accepts this Agreement and the license granted herein and agrees to develop and operate the Studio on the terms and conditions specified herein. Franchisee agrees to follow the System requirements in the operation of its Studio, including, without limitation, its facilities, staff, advertising, operations, and all other aspects of Franchisor's business and the System now in effect and changed periodically. Franchisee (or, if Franchisee is an entity, one of its ~~o~~Operating ~~p~~Principals (as defined in Section 5.5)) and its ~~proposed~~ Designated Manager (as defined in Section 5.5~~(B)~~.A of this Agreement)~~, as well as all Authorized Coaches that wish to provide Approved Services at the Franchised Business,~~ must attend and complete the appropriate initial training to Franchisor's satisfaction, as set forth in Section ~~6.3~~6.2 of this Agreement.

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

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

B. ~~B.~~ If Franchisee is not a natural person, then ~~C~~concurrently, with the signing of this Agreement, ~~Franchisee must execute a personal guaranty in the form attached hereto as Exhibit 4 ("Personal Guaranty"). In the event Franchisee is a legal entity having more than one owner, all owners, shareholders, partners, joint venturers, and any other~~any person who directly or indirectly owns a ten percent (10%) or greater ownership interest in Franchisee (the "Owners") must ~~execute the Personal~~

sign and deliver to Franchisor the Guarantee, Indemnification, and Acknowledgment attached as Exhibit 3 hereto (a "Guaranty"). Any person or entity that at any time after the Effective ~~d~~Date ~~of this Agreement~~ becomes an Owner, pursuant to Section 14 or otherwise, shall, as a condition of becoming an Owner, execute Franchisor's then-current form of ~~Personal~~ Guaranty~~.~~;

C. ~~C.~~ Franchisee shall submit the proposed lease for the ~~Studio~~Authorized Location to Franchisor for its written consent before Franchisee executes the lease ~~for the Authorized Location~~. The lease must contain the provisions outlined in ~~Section 7.2 and Exhibit 5~~Franchisor's then-current form of lease addendum, the current form of which is attached as Exhibit 4, or substantially similar provisions acceptable to Franchisor ("Lease Addendum")~~.~~ ;

D. ~~D.~~ Franchisee agrees that it shall open the Studio for regular, continuous business no later than six (6) months after ~~this Agreement is signed by Franchisor~~the Effective Date. If, through no fault of Franchisee, the Studio has not opened after six (6) months, Franchisor may agree in writing to provide Franchisee with an additional three (3) months to open its Studio if Franchisee (a) has already secured an approved premises for its Studio, and (b) is otherwise making diligent and continuous efforts to buildout and otherwise prepare its ~~franchised business~~Studio for opening throughout the six (6) month period following the ~~execution of this Agreement~~Effective Date. Franchisor reserves the right to charge ~~a non-refundable~~Franchisee a fee of $2,500 as a condition to ~~approving any request for an~~granting any extension under this Section~~.~~; and

E. ~~E.~~ Franchisee agrees at all times to comply with the Manual~~,~~ (as defined in Section 6.3 below), and all required standards, operating systems, and other aspects of the System ~~(collectively,~~ prescribed by Franchisor (the "System Standards") ~~prescribed by Franchisor,~~, each of which ~~are~~is subject to change at Franchisor's discretion.

~~I have read Article 2, understand it, and agree to comply with each of its Sections.~~
~~Your Initials:~~ ___________ / ___________

3. ~~3.~~ TERM AND ~~RENEWAL~~SUCCESSOR FRANCHISES

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

3.2 **Successor Franchises.**~~3.2~~ ~~**Renewal**. Unless terminated at an earlier date, upon the expiration of the initial term, Franchisee shall have the right to renew this Agreement for two (2) consecutive additional five (5) year terms, subject to satisfaction of each of the following conditions:~~

Subject to this Section, Franchisee will be eligible to acquire two (2) separate and consecutive successor franchises, each for an additional five (5) year term (each a "Successor Franchise"). Acquisition of the 1st Successor Franchise shall be subject to the following conditions and requirements, and acquisition of the 2nd Successor Franchise shall be subject to the conditions and requirements set forth in the 1st Successor Franchise agreement. To acquire the 1st Successor Franchise:

A. ~~A.~~ Prior to ~~each such renewal~~expiration of the Term, Franchisee shall execute Franchisor's ~~standard~~then-current form of franchise agreement ~~being offered at the time of each such renewal~~for Stride Studios, modified as necessary to reflect that the franchise granted therein is a Successor Franchise (the "Successor Franchise Agreement"). The provisions of ~~each such renewal~~the Successor ~~f~~Franchise ~~a~~Agreement may differ from and shall supersede this Agreement in all respects, including~~, without limitation,~~ changes in royalty and advertising fees, except that Franchisee shall pay ~~the renewal~~a successor fee ~~specified~~described in Section 3.2~~(~~.F~~)~~, below instead of ~~the~~an initial franchise fee. Franchisee's failure or refusal to execute and return ~~Franchisor's then-current standard form~~the Successor Franchise Agreement and successor fee to Franchisor within thirty (30) days after ~~receipt by~~delivery of the Successor Franchise Agreement to Franchisee shall constitute Franchisee's election not to ~~renew~~acquire the Successor Franchise;

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

C. ~~C.~~ In consideration of ~~each such renewal~~the grant of the Successor ~~f~~Franchise, Franchisee shall execute a general release in the form and substance satisfactory to Franchisor, releasing any and all claims Franchisee and its related parties may have against Franchisor and its affiliates, and their respective owners, officers, directors, employees~~ and~~, agents, successors and assigns;

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

E. ~~E.~~ During the Term, Franchisee~~, during the term of this Agreement,~~ shall have substantially complied with all of the provisions of this Agreement and all other agreements with Franchisor~~, and~~ and vendors to Franchisee's Studio, and Franchisee and its affiliates shall be in compliance with ~~the Manual and with Franchisor's policies, standards and specifications~~this Agreement and all other agreements between them and Franchisor both on the date of the notice ~~of renewal~~described in Section 3.2.G below and at the expiration of the ~~initial t~~Term;

F. ~~F.~~ Franchisee shall pay ~~to~~ Franchisor a ~~renewal~~Successor Franchise fee ~~equal to~~in the amount of $10,000; and

G. ~~G.~~ Franchisee shall have given Franchisor written notice of ~~renewal~~its desire to acquire the Successor Franchise no less than 90 days or more than 180 days before expiration of the ~~initial t~~Term.

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

If, in its discretion and without seeking to enforce Franchisee's post-term obligations set forth in Section 15.3 of this Agreement, Franchisor suffers Franchisee's continued operation of its Studio pursuant to this Agreement beyond the expiration of the Term, such continuance of operations shall be deemed to be

Franchisee's election to extend the Term on a month-to-month basis and, in addition to all other rights Franchisor may have as a result of Franchisee's noncompliance with this Agreement, Franchisor may terminate this Agreement during such period, without any cause or reason, upon 30 days' prior written notice. Franchisee shall otherwise comply with all of its obligations under this Agreement during the extension of the Term as described in this Section.

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

~~**I have read Article 3, understand it, and agree to comply with each of its Sections.**~~
~~**Your Initials:** ___________ / ___________~~

4. ~~4.~~ TRADEMARK STANDARDS

4.1 ~~**4.1**~~ ~~**Name and**~~ **Ownership~~.~~ of Marks.** Franchisee acknowledges the validity of the Marks ~~that now or in the future are or will be part of the System, including without limitation the Mark STRIDE,~~ and agrees and recognizes that the Marks are the sole and exclusive property of Franchisor and/or ~~the~~its affiliates~~ of Franchisor~~. Franchisee further acknowledges that ~~Franchisee's~~its right to use the Marks and System is derived solely from this Agreement and is limited to the ~~conduct~~operation of ~~a~~the Studio pursuant to and in compliance with this Agreement~~ and all applicable standards, specifications and operating procedures prescribed by Franchisor from time to time~~. Any unauthorized use of the Marks by Franchisee shall be a breach of this Agreement and an infringement of the rights of Franchisor and its affiliates. Franchisee's use of the Marks inures to the benefit of Franchisor, which owns all goodwill now and hereafter associated with the Marks. Franchisee agrees not to contest ownership or registration of the Marks. Franchisor ~~(and/or its affiliates) owns all right, title and interest in and to the Marks, and Franchisee has and acquires hereby only the qualified license granted in this Agreement. Franchisor~~ agrees to indemnify Franchisee from any claims, costs or fees associated with Franchisee's authorized use of the Marks in ~~connection with the franchised business~~accordance with this Agreement, subject to the requirement that Franchisor be immediately notified of any ~~third party~~third-party challenge to Franchisee's authorized use of any Mark under this Agreement, and Franchisor has the right to control any related litigation.

4.2 ~~**4.2**~~ **Use of Marks.** ~~A.~~ Franchisee shall not use any Mark (i) as part of any corporate or business name with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, or (ii) to advertise any prospective Transfer that would require Franchisor's approval under Section 14 of this Agreement. Franchisee shall display and use the Marks only in the manner and form prescribed or authorized by Franchisor and shall conduct no other business using the Marks than that prescribed by Franchisor. Franchisee shall not use any other mark, name, commercial symbol or logotype in connection with the operation of the Studio and shall not market any product or service relating to the Studio without Franchisor's written consent, and if such consent is granted, such product or service must be marketed in a manner acceptable to Franchisor. ~~Franchisor may also permit Franchisee to use from time to time other trademarks, service marks, trade names and commercial symbols as may be designated by Franchisor in writing.~~

~~B.~~ Franchisee agrees to give such notices of trademark and service mark registrations and copyrights (including the ® and © symbols) as Franchisor specifies and to obtain such fictitious or assumed name registrations as may be required under applicable law.

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

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

4.4 ~~4.4~~ **Modification, Discontinuance or Substitution.** Franchisor reserves the right, ~~if necessary in Franchisor's~~in its sole judgment, to ~~change the principal~~modify, discontinue or replace any Mark~~(s) of the System~~ on a national or regional basis, and ~~upon reasonable notice,~~ Franchisee shall, as applicable and at its expense ~~adopt a new principal Mark(s) designated~~, discontinue use of any Mark and commence using any modified or replacement Mark as directed by Franchisor ~~to identify the Studio~~. Franchisor shall have no liability or obligation whatsoever with respect to Franchisee's discontinuance or change of any Mark.

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

~~**I have read Article 4, understand it, and agree to comply with each of its Sections.**~~
~~**Your Initials:**~~ ___________ / ___________

5. ~~5.~~ FEES

5.1 ~~5.1~~ **Initial Franchise Fee.** On its signing of this Agreement, Franchisee agrees to pay Franchisor an initial franchise fee in the sum of Sixty Thousand Dollars ($60,000) for ~~a single Studio upon execution~~the right to operate the Studio pursuant to the terms of this Agreement (the "Initial Franchise Fee") ~~in the form of a cashier's check or bank wire~~. The Initial Franchise Fee shall be fully earned by Franchisor upon payment and is not refundable under any circumstance.

5.2 **Royalty Fee.** ~~5.2~~ ~~**Royalty Fee**. Beginning on the day the Studio starts generating revenue from its business operations, and continuing during~~Throughout the Term ~~of this Agreement~~, Franchisee agrees to pay Franchisor, weekly, without setoff, credit or deduction of any nature, a royalty fee equal to seven percent (7%) of the Gross Sales (as that term is defined in Section 5.3, below) generated by the Studio over the immediately preceding week (the "Royalty" or "Royalty Fee").

5.3 ~~**5.3**~~ **Gross Sales.** "Gross Sales" means the total revenue, in whatever form, generated by the Studio, whether or not in compliance with this Agreement and regardless of receipt, including all revenue generated from the sale and provision of any and all gift cards and other ~~approved~~ products and services at or through the Studio and all proceeds from any business interruption insurance related to the non-operation of the Studio~~, whether such revenues are evidenced by cash, check, credit, charge, account, barter or exchange~~. "Gross Sales" does not include (a) any sales tax and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, or (b) the value of any allowance issued or granted to any client of the Studio that is credited in good faith by Franchisee in full or partial satisfaction of the price of the ~~a~~Approved ~~p~~Products or Approved ~~s~~Services offered in connection with the Studio~~, or (c) the remuneration that Franchisee is entitled to receive in connection with any Authorized Coach Training that is provided to clients pursuant to Section 8.4(D)(2) of this Agreement~~.

5.4 ~~**5.4**~~ **Initial FFE~~ Package; Leased~~; Exercise Equipment Package; Pre-Sale and Soft Opening ~~Retail~~ Inventory Package.**

A. Prior to opening the Studio~~ governed by this Agreement~~, Franchisee must purchase~~:~~ or lease (i) an initial package of ~~furniture, fixtures and equipment that is designed to provide Franchisee with certain items needed in connection with outfitting, equipping and otherwise building out of the Studio (the "Initial FFE Package"); (ii) the~~ treadmills and other related exercise equipment package ~~that~~(which the parties ~~agree and acknowledge~~expect Franchis~~or's~~ee ~~franchise offering expects and assumes will be~~will acquire~~d~~ via a lease-to-own or comparable ~~program that is provided by~~agreement entered into with a third-party provider ~~Franchisor has approved or approves at the request of Franchisee~~of such programs) (the "Exercise Equipment Package"); (ii) an initial package of furniture, fixtures and related supplies that, in each case, is necessary to comply with the System and System Standards (collectively, the "Initial FFE Package"); and (iii) opening inventory comprised of certain branded and other inventory that may be resold at the Studio (the "~~Proprietary Initial~~Pre-Sale and Soft Opening Inventory ~~Kit~~Package"). ~~Over~~Throughout the ~~t~~Term~~ of this Agreement~~, Franchisee will be responsible for (~~a~~1) maintaining and/or replacing the items comprising the ~~Initial FFE Package and~~ Exercise Equipment Package and Initial FFE Package, and (~~b~~2) maintaining certain levels of inventory with respect to those items comprising the ~~Proprietary Initial~~Pre-Sale and Soft Opening Inventory ~~Kit~~Package, as set forth more fully in this Agreement.

B. As part of the Pre-Sale and Soft Opening Inventory Package, Franchisee will acquire and must utilize certain pre-sales start-up package materials in coordination with the pre-opening sales plan that Franchisee is required to commence conducting at least sixty (60) days prior to the opening of the Studio (the "Pre-Sales Phase"). Franchisee agrees and acknowledges that Franchisee must: (i) develop the foregoing plan in coordination with the opening support program designated by Franchisor that is designed to generate prospective Studio clientele and members and otherwise promote the Studio prior to opening (the "Opening Support Program"); (ii) obtain Franchisor's prior approval of the plan and all Pre-Sales Phase activities; and (iii) incur and promptly pay all fees and costs associated with the Opening Support Program and other Pre-Sales Phase activities as and when such amounts become due.

C. ~~B.~~ Franchisee further agrees to install at its expense and use the membership accounting, cost control, ~~point of sale ("POS")~~point-of-sale system and inventory control systems ("POS System") through the supplier Franchisor designates. The designated, or approved, supplier(s) for these services will be updated in the Manual~~s~~ as changes are made. ~~Over~~Throughout the ~~t~~Term~~ of this Agreement~~, Franchisee will also be required to pay Franchisor's then-current designated provider for the software that Franchisor prescribes for use in connection with the Studio and the POS ~~(each, a "Software Fee")~~System, which may be modified upon reasonable written notice to Franchisee.

5.5 Training Programs and Fees. The parties agree and acknowledge that: (i) Franchisee or, if Franchisee is an entity, at least one (1) of Franchisee's operating principals (an "Operating Principal") must complete the "Owner/Operator Module" and Franchisor's proprietary initial training program (the "Initial Training Program"), as described in more detail in the Manual; and (ii) each instructor that Franchisee engages to provide any of the Approved Services at its Studio (each an "Authorized Coach") must complete Franchisor's proprietary training program that is designed to provide instructors with additional guidelines and instruction for providing the Approved Services in accordance with the System (the "Authorized Coach Training Program"). Franchisor may, at its option, conduct any training program virtually via live or prerecorded modules. Fees for attendance and participation in a training program (each a "Training Fee") may be assessed as described below.

A. *Initial Training Program*. Except as provided below, Franchisee will not be required to pay any Training Fee or tuition in connection with individuals that attend the Initial Training Program prior to the opening of the Studio, provided such individuals all attend at the same time. For those individuals that wish to complete the Initial Training Program at a time other than when Franchisee (or, if applicable, its Operating Principal) attends the Initial Training Program, Franchisor may charge such individuals its then-current Training Fee. Franchisee may also designate a third-party individual that Franchisor approves to manage the day-to-day operations of the Studio (a "Designated Manager"), but any such individual must at least complete the Designated Manager Module of the Initial Training Program prior to assuming any management responsibilities at the Studio (with Franchisee paying the Training Fees associated therewith, if any). If Franchisee is acquiring and assuming an existing Stride Studio from another System franchisee, it will be required to pay Franchisor's then-current Training Fee for persons required to attend Franchisor's Initial Training Program as necessary to satisfy the requirements of this Section.

B. *Designated Manager; Designated Manager Training Program*. If Franchisee (or one of its Operating Principals) is not or does not intend to be on-site at the Studio during normal business hours to manage the day-to-day operations of its Studio (including, for example, where Franchisee owns or is affiliated with owners of multiple open Stride Studios), then Franchisee must appoint a Designated Manager for the Studio who will act as such only for the Studio. Each Designated Manager must attend and complete, to Franchisor's satisfaction, Franchisor's designated manager training program prior to assuming the Designated Manager responsibilities (the "Designated Manager Training Program"). Franchisor does not charge a Training Fee for Franchisee's initial Designated Manager's participation in the Designated Manager Training Program.

C. *Authorized Coach Training Program*. Every Authorized Coach that provides any of the Approved Services at Franchisee's Studio must, prior to providing instruction, complete the Authorized Coach Training Program, as described in the Manual. Franchisor will assess a Training Fee for participation in the Authorized Coach Training Program.

D. *Ongoing/Refresher and Other Additional Training*. Franchisor may provide or request that Franchisee and certain of its management personnel attend and complete up to five (5) days of additional/refresher training each year, but Franchisor will not charge Franchisee a Training Fee in connection with such required training.

E. *No Training Fee for Minor, Day-to-Day Assistance*. Franchisor will not charge Franchisee a Training Fee in connection with minor, day-to-day assistance that Franchisor provides remotely over the phone, via email/fax or other electronic channel of communication, which Franchisee understands and acknowledges will be provided subject to the availability of Franchisor's personnel.

F. *Costs and Expenses*. Franchisor will not, under any circumstances, be responsible for, and the indemnities provided in Section 11.2 shall apply to, costs and expenses (including wages, benefits, and travel-related expenses) incurred by or owed to Franchisee or its personnel in or as a result of attending or participating in any training program described in this Agreement or otherwise provided by Franchisor or its designee.

G. *Training Fee for Certain Training*. Franchisor reserves the right to charge its then-current Training Fee in connection with training that (a) Franchisee requests Franchisor provide, or (b) Franchisor provides on-site at Franchisee's Studio.

5.6 Fund Contribution.~~5.5~~ ~~**Fund Contribution.**~~ ~~In the event~~ Franchisor (and its affiliates) has establishe~~s~~d a creative brand development fund to promote the System, Marks and brand with which the Studio is associated generally (the "Fund")~~,~~. Franchisee ~~will be required to~~shall contribute to the Fund, as directed by Franchisor from time to time, up to two percent (2%) of the Gross Sales of its Studio ~~to this Fund~~ (the "Fund Contribution"), commencing once the Studio ~~opens for~~starts generating revenue from its business operations. The Fund Contribution will typically be paid in the same manner and at the same interval that the Royalty Fee is collected (based on the Gross Sales of the Studio over the immediately preceding reporting period). Franchisor has the right, at any time and on notice to Franchisee, to change the amount of the Fund Contribution.

5.7 Technology Fee.~~**Technology Fee.** Franchisor reserves the right to charge Franchisee its then-current technology fee (the "Technology Fee") as consideration for certain technology-related services that Franchisor may determine to pay for all or some portion of as part of the System, which may include: (a) website development and hosting, (b) establishing a System-wide intranet or other type of website portal for the System (a "Website Portal") of any kind, (c) proprietary or customized software licensed by Franchisor or its affiliates to assist with the day-to-day operations of the Studio, and/or (d) any other technology that Franchisor determines appropriate, in its discretion, for use in connection with your franchised business and determines to provide as part of the Technology Fee. Franchisor may modify the Technology Fee upon thirty (30) days' written notice to Franchisee.~~

Franchisor reserves the right to charge Franchisee an ongoing technology fee, the amount of which may change from time to time during the Term, in Franchisor's discretion, to pay for certain aspects of Franchisee's computer system and/or software used in the operation of the Studio ("Technology Fee"). Franchisor reserves the right to designate and/or change the amount, scope, or manner of payment of the Technology Fee, including the party to whom payment is made, at any time upon providing reasonable written notice to Franchisee. The Technology Fee may be collected by Franchisor at the same time as the Royalty Fees due hereunder.

5.8 Music Licensing Fee.~~**Music Licensing Fee.**~~ Franchisor ~~reserves the right to~~may charge Franchisee its then-current music licensing fee (the "Music Licensing Fee") as consideration for costs incurred in connection with obtaining licensing rights to music and playlists Franchisee will use in connection with the provision of Approved Services at the Studio.

5.9 Other Amounts Due in Connection with the Studio.~~Training-Related Fees.~~

~~A. *Owner and Designated Manager Training Fee.* As described more fully in this Agreement, Franchisee and certain of its personnel will: (i) be required to attend and complete certain initial training before the Studio can open for operations, as well as certain ongoing training, as described more fully in Section 6 of this Agreement; and (ii) have the right to request that Franchisor provide certain kinds of training or on-site assistance, subject to the availability of Franchisor's training personnel. Except as provided below, certain initial and ongoing training will be provided by Franchisor without charging any kind of training fee; however, Franchisee (or its personnel) will be responsible for ensuring Franchisor receives its then-current training fee, as applicable, in connection with any training that Franchisor provides hereunder that involves such a fee (the "Training Fee"). If Franchisee is acquiring and assuming an existing franchise from another System franchisee, it will be required to pay the then-current Training Fee associated with Franchisor providing the initial training program to Franchisee.~~

~~B. *Authorized Coach Training.* As described more fully in Section 6.3(A)(2) below, all coaches authorized to provide the Approved Services at the Studio are required to: (i) complete Authorized Coach Training, subject to the conditions set forth in Section 6, at (a) Franchisee's Studio, (b) the Studio of another System franchisee, or (c) at Franchisor's then-current corporate headquarters; and (ii) pay the then-current fee associated with attending Authorized Coach Training ("Authorized Coach Training"). With respect to Authorized Coaches and Authorized Coach Training, the parties agree and acknowledge as follows:~~

~~1. Franchisee agrees and acknowledges that Franchisor's standard franchise offering assumes and expects, and Franchisee must ensure, that any individual that Franchisor contemplates to serve as an Authorized Coach will have acquired and maintained one of following certifications from the appropriate third-party certification agency: (i) NASM Personal Training Certification; (ii) ACSM Personal Training Certification (the "Required Third-Party Certification").~~

~~2. The parties hereby agree and acknowledge that Franchisor may supplement or modify the kinds of certifications that will constitute a Required Third-Party Certification for purposes of this Agreement, as well as designate additional certifications that are recommended for Authorized Coaches, via the Manuals or otherwise in writing as it determines appropriate in its discretion.~~

~~3. Franchisee must provide Franchisor (or, at Franchisor's option, the Master Trainer at issue) with a copy of the Required Third-Party Certification before any individual that Franchisee wishes to serve as an Authorized Coach at the Franchised Business before that individual may attend or receive Authorized Coach Training.~~

~~4. The amount the prospective coach, or, at Franchisee's option, that Franchisee on the coach's behalf, must pay for Authorized Coach Training will vary depending on whether Authorized Coach Training is conducted at the Studio or at another location.~~

~~5.9 **Other Amounts Due in Connection with Franchised Business.**~~ Franchisee will also be responsible for timely payment of any other required fees or amounts necessary to purchase ongoing marketing materials, inventory, supplies and/or other ~~supplies~~items from Franchisor~~ or~~, its affiliates or other third-party suppliers as described in this Agreement.

5.10 ~~5.9~~ Electronic Transfer; Right to Modify Collection Interval.

A. ~~The Royalty Fee, Fund Contribution as well as any other fees~~Franchisor reserves the right to determine, from time to time, the frequency, intervals covered, and manner in which amounts owed to ~~Franchisor~~it or its affiliates ~~under this Section 5 or otherwise in connection with the franchised business, will be~~must be paid. Currently all such amounts (including fees, interest, and other payments required under this Agreement) must be paid via automatic~~ally~~ debit~~ed~~ from Franchisee's point-of-sale operating account administered by the designated supplier of point-of-sale services on a weekly basis throughout the Term, ~~unless Franchisor provides~~subject to modification on reasonable written notice~~ that Franchisor is modifying the collection interval (*e.g.*, notifying Franchisee that Franchisor will be collecting Royalty Fee, Fund Contribution and other recurring amounts due on a monthly rather than weekly basis, with such monthly fees based on the Gross Sales of the Studio over the preceding calendar month).~~.

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

C. Franchisee agrees to complete and execute ~~an~~Franchisor's then-current form of "Electronic Funds Transfer Agreement" ~~(attached as Exhibit 2 to this Agreement)~~ and any other form, including, without limitation, an "Electronic Debit Authorization" ~~(attached as Exhibit 3 to this Agreement)~~ for the purpose of authorizing an electronic debit, and to submit any information required by Franchisor for such authorization. Such authorization must remain in effect throughout the Term and, following expiration or termination of this Agreement, until all amounts owed to Franchisor and its affiliates have been paid.

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

5.11 ~~**5.10**~~ **Interest and Late Charges.** Amounts due to Franchisor (except interest on unpaid amounts due) not paid when due shall bear interest from the date due until paid at the lesser of one and one-half percent (1.5%) per month~~,~~ or the highest rate of interest allowed by law. Franchisor may also recover its reasonable attorneys' fees, costs and other expenses incurred in collecting amounts owed by Franchisee.

~~**I have read Article 5, understand it, and agree to comply with each of its Sections.**~~
~~**Your Initials: __________ / __________**~~

6. ~~6.~~ FRANCHISOR SERVICES

In addition to the services described elsewhere in this Agreement, Franchisor will do the following:

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

~~6.2~~ ~~**Unit Development**.~~ Franchisor shall consult and advise Franchisee on the proper display of the Marks, layout and design, procurement of treadmills and other designated equipment, free weights, and other equipment, furniture, fixtures, surveillance cameras with audio, initial inventories, recruiting personnel, and managing construction or remodeling of the Studio. After Franchisee has executed ~~a~~an approved lease for the Authorized Location, Franchisor shall deliver to Franchisee specifications and standards for building, equipment, furnishings, fixtures, surveillance cameras with audio, layout, design and signs relating to the Authorized Location and shall provide reasonable consultation in connection with the development of the Studio. Franchisee's architect ~~must make any~~is responsible for proposing changes to the layout, design and construction specifications provided by Franchisor ~~site-specific.~~ as necessary to meet applicable legal requirements and to adapt for unique physical characteristics of the Authorized Location, but Franchisee agrees ~~to make~~that no such changes, alterations or modifications whatsoever to ~~the~~Franchisor's selected layout and design specifications will be implemented without ~~obtaining~~Franchisor's prior written consent ~~from Franchisor~~.

6.2 Training-Related Programs and Obligations. ~~6.3~~ Franchisor will provide the ~~T~~training ~~**Requirements and Remedies.**~~programs described in Section 5.5 and below, and Franchisee ~~agrees and acknowledges that the following training obligations and requirements must be strictly complied with and adhered to~~must, at all times during the Term~~:~~, be in compliance with all training obligations described in Section 5.5 and set forth below.

~~A. *Initial Training Requirements*. Prior to opening the Studio, Franchisee must ensure that: (i) Franchisee (or, if an entity, its Operating Principal) completes the appropriate model of Franchisor's initial training program that is designed for the owner and operator of the Studio (the "Owner/Operator Module"); (ii) any and all initial coaches that Franchisee wishes to have provide the Approved Services at the Studio successfully complete Authorized Coach Training and related testing, described more fully below, as required for such coaches to become a coach that is authorized to provide the running classes and certain other Approved Services at the Studio (each, an "Authorized Coach"); and (iii) if Franchisee has engaged a Designated Manager as described more fully in Section 8.6 of this Agreement, such Designated Manager has completed the module of Franchisor's initial training program designed for this kind of manager (the "Designated Manager Module").~~

A. ~~1. Owner and~~*Initial Training Program; Designated Manager Training~~.~~ Program*. All persons required to complete ~~T~~the Owner/Operator Module ~~and~~, the Designated Manager Module ~~will typically be provided at one (1) of Franchisor's corporate training locations located in California, and Franchisee will be responsible for all costs and expenses associated with the attending these modules. Unless~~

~~Franchisee is acquiring and assuming an existing franchise from another System franchisee, Franchisor will provide each of the foregoing modules to one (1) person tuition-free, provided the two (2) individuals attend at the same time prior to the opening of the Studio and subject to the schedules and availability of its training staff. Otherwise, Franchisor reserves the right to charge its then-current Training Fee for initial training to any other individuals that wish to attend these modules.~~ , and/or the Authorized Coach Training Program must do so prior to engaging in any activities related to the operation of the Studio. The specifics of each of the foregoing training programs shall be set forth in the Manual. All such training is conducted, at Franchisor's option, at Franchisor's corporate headquarters or another training facility Franchisor designates. If any of the individuals described in this Section and Section 5.5 fail to successfully complete the applicable training required by this Section and Section 5.5 before the time Franchisee is required to open the Studio hereunder, Franchisor may terminate this Agreement.

B. *Authorized Coach Training*. Any individual that wishes to provide coaching services or any of the other Approved Services at the Studio must first complete the Authorized Coach Training Program and maintain either (a) NASM Personal Training Certification or (b) ACSM Personal Training Certification. Franchisor may terminate this Agreement upon written notice to Franchisee if Franchisee permits the Approved Services to be provided by any individual that does not meet the criteria in this Section. If Franchisee fails to comply with the foregoing (or any other material obligation under this Agreement), Franchisor reserves the right to charge Franchisee its then-current non-compliance fee ("Non-Compliance Fee") in each instance. The Studio must have at least one (1) individual that has completed the Authorized Coach Training Program on-site at the Studio at all times when any Approved Services are being provided. Franchisee must otherwise ensure that: (i) any Authorized Coach Training Program held at the Studio is performed in accordance with System Standards; (ii) any individual that participates in the Authorized Coach Training Program, successfully completes that program, and passes any test that is provided in connection with the program; and (iii) no personnel provides running instruction or other Approved Services at the Studio unless and until such personnel successfully completes the Authorized Coach Training Program and passes the corresponding test. Franchisee agrees that Franchisor, as part of its right to inspect and audit the operations of the Studio on an ongoing basis, may require that Franchisee demonstrate that all required personnel has participated in and successfully completed the Authorized Coach Training Program and corresponding test.

~~2. Authorized Coach Training for Initial and Subsequent Coaches. In order to provide the Approved Services at the Studio, a coach must complete Authorized Coach Training and related testing to become an Authorized Coach. Authorized Coach Training will typically be provided on-site at a Studio that is owned by another franchisee (a "Franchisee Studio") or one (1) of our affiliates (a "Corporate Studio"). In the event a coach completes Authorized Coach Training at a Franchisee Studio, then Franchisor reserves the right to have one (1) of its master trainers (each, a "Master Trainer") review the coach's testing results before approving that individual to serve as an Authorized Coach and provide Approved Services from the Studio. Franchisee, or the coach at issue, will be required to (a) pay the then-current fee associated with providing Authorized Coach Training ("Coach Training Tuition") for each coach that attends Authorized Coach Training, and (b) cover the related costs and expenses associated with attending and completing Authorized Coach Training at a Studio that is authorized to provide Authorized Coach Training (as described more fully in Section 8.4(D) of this Agreement).~~

~~a. Franchisor recommends that at least one (1) of the initial coaches at the Studio attend Authorized Coach Training around the same time that the Owner/Operator Module is completed by Franchisee.~~

~~b. To the extent permitted by the laws where the Studio is located, any and all individuals that wish to attend Authorized Coach Training must execute a prescribed form of agreement wherein that individual agrees to: (i) not disclose or use the confidential or proprietary portions of Authorized Coach Training for any competitive purpose during and after that individual's employment with Franchisee; and (ii) not solicit existing or prospective customers of the Franchisee's Studio during their employ or engagement with Franchisee and for a period of two (2) years thereafter.~~

~~3. Remote Instruction. Franchisor has the right to provide, and require that Franchisee or other required trainee participate in and complete, portions of the training described in this Section that are provided remotely via the Internet or similar learning management system that permits the Franchisor to determine whether Franchisee and/or other required trainee is actively participating in the webinar or other instruction at issue.~~

~~4. Remedies for Non-Compliance. If any of the individuals described in this Section fail to successfully complete the applicable training required by this Section before the time Franchisee is required to open the Studio hereunder, Franchisor may terminate this Agreement upon written notice to Franchisee. In the event Franchisee permits (a) anyone other than an Authorized Coach to provide the Approved Services from the Studio, or (b) the Studio to be open and operating without an Authorized Coach on-site at the Studio, Franchisor may default Franchisee as set forth in Section 15.1 of this Agreement. Franchisor, as part of its right to inspect and audit the operations of the franchised business on an ongoing basis, may require that Franchisee demonstrate that all required personnel have participated in and successfully completed Authorized Coach Training. If Franchisee fails to comply, Franchisor reserves the right to charge Franchisee its then-current penalty fee ("Penalty Fee") for each day that Franchisee permits anyone other than an Authorized Coach to provide any Approved Services or related instruction in connection with the Studio.~~

C. ~~B.~~ *Discretionary On-Site Assistance*. Around the time the Studio is opening, Franchisor may send one (1) or more representatives to the Studio to (i) provide assistance and recommendations regarding the opening and initial operations of the Studio, and/or (ii) provide additional or refresher training associated with the Owner/Operator Module, Designated Manager Module, and/or the Authorized Coach Training Program, all as Franchisor determines appropriate in its discretion (collectively, the "Discretionary On-Site Assistance"). In the event Franchisor notifies Franchisee that it will be providing the Discretionary On-Site Assistance, such assistance typically lasts one (1) to two (2) days and Franchisee must ensure that Franchisee (or its Operating Principal)~~,~~ and all other management personnel ~~and Authorized Coaches~~ are in attendance at the Studio during those days.

D. ~~C.~~ *Ongoing/Refresher Training*. Franchisor may provide, and require that Franchisee, as well as any of its management personnel attend, up to five (5) days of additional training each year at a training facility that Franchisor designates (without charging Franchisee any Training Fee as described in Section ~~5.7~~5.5 of this Agreement). Franchisee may also request that Franchisor provide certain additional or refresher training to Franchisee, either at one (1) of Franchisor's designated training facilities or on-site at Franchisee's Studio, but Franchisor reserves the right to charge Franchisee its then-current Training

Fee based ~~in connection with any~~on the number of days of such training that Franchisor provides at Franchisee's request. ~~Such training will be provided subject to the availability and schedules of Franchisor's training personnel.~~

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

~~E. *Master Training*. In the event Franchisee wishes to have one (1) of the Studio's Authorized Coaches provide Authorized Coach Training at the Studio to coaches as part of the Approved Services, as described more fully in Section 8.4(D) of this Agreement, then that Authorized Coach must attend and complete an additional training course provided by Franchisor's master trainer designed to provide the Authorized Coach with additional instruction necessary for that individual to become a master trainer that can provide Authorized Coach Training (each, a "Master Trainer"). Franchisor is not obligated to approve any Franchisee request to provide a given Authorized Coach with master training, and Franchisee must: (i) not be in default of any provision of this Agreement as a condition to Franchisor's approval of such a request; and (ii) pay Franchisor its then-current Training Fee in connection with any master training provided under this Section.~~

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

6.3 ~~**6.4**~~ **Operations Manual.** During the Term, Franchisor will grant Franchisee online access to an electronic version of ~~the Manual during the term of this Agreement~~its manuals and written policies and procedures related to the development and operation of Stride Studios (collectively, the "Manual"). The Manual is anticipated to codify ~~existing mandatory and suggested~~then-current specifications, standards and operating procedures ~~currently~~ prescribed or suggested by Franchisor. Franchisee acknowledges that Franchisor may from time to time revise its System~~s~~ Standards as well as the contents of the Manual (including by written memoranda and notices issued to owners of Stride Studios), and Franchisee agrees to comply with each new or changed standard and specification upon notice from Franchisor. The Manual shall remain the sole property of Franchisor and ~~shall be kept confidential by Franchisee both during the Term of this Agreement and subsequent to the termination, expiration, or non-renewal of this Agreement~~is part of, and subject to the requirements applicable to, Franchisor's Confidential Information (as defined in Section 12.1). If Franchisee, intentionally or otherwise through its gross negligence, compromises the secure access to the online version of the Manual (or any hard copy of the Manual), including, but not limited to, allowing unauthorized users access to the Manual and its confidential contents or intentionally posting any of the Confidential Information on the Internet, Franchisee acknowledges that it will be required to ~~pay Franchisor liquidated damages in the amount of $10,000, to~~adequately compensate Franchisor for the breach and related damage to the ~~System.~~Marks and System, and that any limitation of remedies provided in Sections 16.4.B and 16.7 below shall not limit Franchisor's remedy or relief in the foregoing instance(s).

6.4 ~~**6.5**~~ **Continuing Services.** Franchisor ~~shall~~will provide such continuing advisory assistance and information to Franchisee in the development and operation of the Studio as Franchisor deems advisable in its discretion. Such assistance may be provided, in Franchisor's discretion, by Franchisor's directives, System bulletins, meetings and seminars, telephone, computer, e-mail, fax, personal visits, newsletters or manuals.

6.5 ~~**6.6**~~ **Approved Lists.** Franchisor ~~shall~~will provide and from time to time, add to, alter or delete, at Franchisor's discretion, lists of specifications, approved distributors and suppliers, approved services and products, including, but not limited to, running fitness equipment and gear, and other materials and supplies used in the operation of the Studio. Franchisor, or an affiliate of Franchisor, may be a designated or approved supplier of certain equipment, gear, merchandise, apparel and supplies.

6.6 **Pricing.** ~~6.7~~ ~~**Pricing.**~~ ~~Franchise~~The System has developed ~~an image~~a reputation that is based in part on affordable prices for running and other fitness services offered by Stride Studios operating as part of the System. To promote a consistent consumer experience, and to maximize the value of the products and services Studios offer, Franchisor may, subject to Applicable Laws (defined below), require fixed maximum or minimum prices for any products or services offered by the System and Franchisee. Franchisee is obligated to ~~use~~abide by the pricing ~~required~~established by Franchisor from time to time, unless Franchisor consents to changes in local pricing offered by Franchisee in order to (i) allow Franchisee to respond to unique, local, marketing conditions, competition, or expenses; or (ii) comply with changes or interpretations in state or federal anti-trust laws. Consistent with state or federal law, Franchisor reserves the right to change or eliminate its pricing program in the future, or to move from a required to recommended pricing structure. For any product or service for which Franchisor does not impose a maximum or minimum price, Franchisor may require Franchisee to comply with an advertising policy adopted by Franchisor which will prohibit Franchisee from advertising any price for a product or service that is different than Franchisor's suggested retail price. Although Franchisee must comply with Franchisor's advertising policy, Franchisee will not be prohibited from selling any product or service at a price above or below the suggested retail price unless Franchisor imposes a maximum price or minimum price for such product or service.

6.7 ~~**6.8**~~ **Fund.** As detailed in Section 9.1 of this Agreement, the Fund ~~– if and when established – will be~~is currently maintained and administered by Franchisor (or its affiliates), with , if established, the assistance of ~~the~~a marketing fund committee ~~("FAC")~~, to meet the costs of conducting regional and national advertising and promotional activities (including the cost of advertising campaigns, test marketing, marketing surveys, public relations activities and marketing materials) which Franchisor and the ~~FAC~~marketing fund committee, if established, deem beneficial to the System.

6.8 **Approving Pre-Opening Support Program.**~~6.9~~ ~~**Grand Opening Advertising Assistance.**~~ ~~Franchisor will consult and advise Franchisee on the advertising, marketing and promotion for the grand opening of the Studio, as Franchisor deems appropriate in its discretion.~~

Franchisor and/or its approved provider will provide Franchisee with advice and consultation with respect to establishing the Pre-Sales Phase and Opening Support Program described in Section 5.4.B above. The components of Franchisee's Opening Support Program must be approved by Franchisor prior to implementation, including the relevant timelines for certain pre-opening sales and marketing activities.

~~I have read Article 6, understand it, and agree to comply with each of its Sections.~~
~~Your Initials: ___________ / __________~~

7. ~~7.~~ FACILITY STANDARDS, LEASE AND CONSTRUCTION

7.1 ~~7.1~~ **Facility Specifications.** Franchisee's Studio shall ~~meet~~satisfy the following conditions:

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

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

C. ~~C.~~ Franchisee ~~agrees and acknowledges that: (i) the System will evolve; (ii) the fitness industry must~~recognizes that Franchisor may, in its discretion, evolve the System and the features and appearance of Stride Studios to, among other things, respond to new fads, new forms of exercise, new equipment~~ and~~, new training techniques~~;~~, and ~~(iii) the System must~~ change~~e~~ing ~~to meet~~ customer demands. Franchisee further understands that running equipment and other equipment wears out, breaks down, or becomes obsolete. Consequently, from time to time, as Franchisor requires, Franchisee must modernize and/or replace ~~items~~components of the Trade Dress ~~or~~and Studio's operating assets and equipment as may be necessary for the Studio to conform to the System ~~s~~Standards for new Studios. Further, Franchisee will be required to thoroughly modernize or remodel the Studio, at Franchisee's cost, when requested by Franchisor, but no more than once every 5 years. This may include replacing running / fitness equipment and gear, and other updates and improvements. Franchisee acknowledges that this obligation could result in Franchisee making extensive structural changes to, and significantly remodeling and renovating the Studio, and Franchisee agrees to incur, without limitation, any capital expenditures required in order to comply with this obligation and Franchisor's requirements. Within 60 days after receiving written notice from Franchisor, Franchisee shall have plans prepared according to the standards and specifications that Franchisor prescribes, and Franchisee must submit those plans to Franchisor for its approval. Franchisee agrees to complete all work according to the plans that Franchisor approves within the time period that Franchisor reasonably specifies and in accordance with this Agreement. Franchisor~~, or~~ and its ~~A~~affiliates~~,~~ who own Stride Studios will hold themselves, and the Studios they operate (if any), to the same high standard~~,~~ and same frequency for replacement and renovation as is ~~expected~~required of Franchisee.

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

E. ~~E.~~ The Studio must have a surveillance camera with audio purchased from a designated approved supplier installed at the Studio. The camera(s) must be web accessible. The camera(s) will be used by Franchisee to monitor teacher performance, quality assurance and safety. Franchisor has an absolute right to also review and monitor the camera(s) for the same purposes as Franchisee, and to ensure compliance with the System. Franchisee is responsible for ensuring customer consent and for any failure to obtain such consent. Franchisee agrees to indemnify Franchisor for any breaches of privacy from Franchisee's use of any surveillance camera.

F. Franchisee must offer, accept the use of, and ensure that it and the Studio's personnel are aware of all then-current System policies and procedures related to member reciprocity amongst (a) other Studios that are part of the System, and/or (b) studios operated as part of the franchise systems in connection with the other brands owned and/or licensed by Franchisor and its affiliates.

7.2 ~~7.2~~ **Lease.** Franchisee is solely responsible for purchasing or leasing a suitable site for ~~the Studio. Franchisee must utilize the retail real estate attorney designated by Franchisor in writing, either in the Manual or otherwise, to review and negotiate the lease for the Studio~~its Studio. Franchisee must submit the lease for the Studio to Franchisor for its written consent before Franchisee executes the lease for the Authorized Location. Franchisor will not withhold consent arbitrarily; however, any lease must ~~contain substantially the following provisions: (1) "The leased premises will be used only for the operation of a STRIDE Franchise;" (2) "The employees of Franchisor will have the right to enter the leased premises to make any modifications necessary to protect the System and proprietary marks thereof;" (3) "Lessee agrees that Lessor may, upon request of Franchisor disclose to said Franchisor all reports, information or data in Lessor's possession with respect to sales made in, upon or from the leased premises;" and (4) a conditional assignment clause to be contained in a lease rider in a form approved by Franchisor, which shall provide that Franchisor (or its designee) may, upon termination, expiration, non-renewal or proposed assignment of this Agreement, at Franchisor's sole option, take an assignment of Franchisee's interest thereunder, without the consent of the Lessor or property owner, without liability for accrued obligations, payment of additional consideration or increase in rent, and at any time thereafter, reassign the lease to a new franchisee. Franchisor's execution of this Agreement is conditioned upon the above-referenced lease addendum in the form attached hereto, as Exhibit 5 ("Lease Addendum"), which shall be signed by Franchisee and attached and made part of the lease for the Studio~~be subject to the applicable Lease Addendum or incorporate similar terms. Franchisee acknowledges that it has been advised to have any lease reviewed by Franchisee's own legal counsel.

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

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

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

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

D. ~~D.~~ Purchase or lease, in accordance with ~~Franchisor's s~~the System ~~s~~Standards~~ and specifications~~, all fitness equipment, fixtures, inventory, supplies and signs required for the Studio;

E. ~~E.~~ Hire and train the initial operating personnel according to ~~Franchisor's standards and specifications~~this Agreement and the System Standards; and

F. ~~F.~~ Complete development of and have the Studio open for business not later than six (6) months after the Effective ~~d~~Date ~~that Franchisor accepts~~of this Agreement.

7.4 ~~7.4~~ **Franchisee's Responsibility.** Although Franchisor may provide Franchisee with various standard or sample plans and specifications with respect to constructing and equipping the Studio, it is Franchisee's sole responsibility to construct and equip the Studio in compliance with all applicable federal, state and local laws and regulations, including, without limitation, all building codes, fire and safety codes, environmental laws, Occupational Safety and Health Administration laws, health laws, sanitation laws, Americans with Disabilities Act, and all other requirements that may be prescribed by any federal, state or local governmental agency~~. Franchisee is also solely responsible for ensuring that Franchisee and the Franchised Business comply with all music licensing laws in connection with any music that Franchisee and/or any staff at the Studio determines to play or use that is not otherwise covered by the Music Licensing Fee~~ ("Applicable Laws"). Franchisee further acknowledges and agrees that Franchisee is, and will continue to be, at all times during the Term, solely responsible for ~~all employment decisions and to comply with all state, federal, and local hiring laws and functions~~the day-to-day operation of the Studio in accordance with this Agreement, including ~~without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. Franchisee's employees~~all decisions regarding its personnel (as described in Section 8.3 below), each of whom must be competent, conscientious, and properly trained. Franchisee acknowledges that nothing in this Agreement shall, or may be construed to, create any type of employer or joint employer relationship between (a) Franchisee or any of Franchisee's personnel, and (b) Franchisor in any matter.

~~**I have read Article 7, understand it, and agree to comply with each of its sub-sections.**~~ ~~**Your Initials: __________ / __________**~~

8. ~~8.~~ STUDIO IMAGE AND OPERATING STANDARDS

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

8.2 ~~8.2~~ **Franchisor's Right to Inspect~~ion.~~.** To determine whether Franchisee is complying with this Agreement and ~~Franchisor's~~the System ~~s~~Standards~~ and specifications~~, Franchisor reserves the right~~ to~~

~~supervise, determine and approve the standards of appearance, quality and service pertinent to the Studio including, without limitation, the right~~, at any reasonable time and without prior notice, to ~~Franchisee~~inspect and assess all aspects of the Studio's appearance and operations, including the right to: (1) inspect and examine the ~~business~~Studio premises, fitness equipment, facilities and operation of the Studio in person or by web accessible surveillance cameras with audio, which are required to be installed in each classroom in the Studio; (2) interview Franchisee and Franchisee's employees~~, including~~ and any independent contractors; (3) interview ~~Franchisee's~~ members and customers~~,~~ of and suppliers to the Studio and any other person with whom Franchisee does business; (4) confer with members and staff of government agencies with authority over Franchisee about matters relevant to the Studio; and (5) use "mystery shoppers," who may pose as customers~~ and evaluate Franchisee and Franchisee's operations. ~~. Franchisor will bear the costs of all such initial inspections, but it reserves the right to require Franchisee to reimburse it costs (including travel expenses, room and board, employee/representative wages, and related fees) associated with re-inspections or follow-up visits that Franchisor or its designees conduct after any inspection of the Studio reveals one or more failures to comply with System Standards, and/or if any follow-up visit is necessary because Franchisor or its designated representatives were for any reason prevented from properly inspecting any part of the Studio.

8.3 ~~**8.3**~~ **Personnel.** Franchisee agrees to ~~employ~~engage in the operation of the Studio only persons of high character and ability who maintain and exhibit traits of enthusiasm, cleanliness, neatness, friendliness, honesty and loyalty, it being recognized by Franchisee that such persons are necessary in order to promote and maintain customer satisfaction and the goodwill of the System. Franchisee agrees to staff the Studio at all times with a sufficient number of qualified, competent personnel who have been trained in accordance with ~~Franchisor's~~this Agreement and the System ~~s~~Standards. Franchisee shall be considered the employer of all employees and the principal of all independent contractors of the Studio. It is the sole responsibility of Franchisee to hire, discipline, discharge and establish wages, hours, benefits, employment policies and other terms and conditions of employment for its employees and independent contractors. Franchisee is solely responsible for obtaining its own independent legal advice regarding the employment of employees and retention of independent contractors, and for complying with any and all ~~a~~Applicable ~~l~~Laws pertaining thereto. Franchisor shall have no responsibility for the terms and conditions of Franchisee's relationship with Franchisee's employees and/or independent contractors. Franchisee shall engage in no discriminatory employment practices and shall in every way comply with all ~~a~~Applicable ~~l~~Laws~~, rules and regulations of federal, state and local governmental agencies~~, including~~, without limitation,~~ all wage-hour, civil rights, immigration, employee safety and related employment and payroll related laws. Franchisee shall make all necessary filings with, and pay all taxes and fees due to, the Internal Revenue Service and all other federal, state and local governmental agencies or entities to which filings and payments are required. Franchisee acknowledges that nothing in this Section or Agreement shall, or may be construed to, create any type of employer or joint employer relationship between (a) Franchisee or any of Franchisee's personnel, and (b) Franchisor in any matter.

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

A. ~~A.~~ *Approved Services and Approved Products Generally*. Franchisee acknowledges that the presentation of a uniform image to the public and the offering of uniform services and products is an essential element of a successful franchise system. In order to insure consistency, quality and uniformity throughout the System, Franchisee agrees~~:~~ (~~i~~1) to sell or offer for sale only the ~~services or products that have been expressly a~~Approved ~~for sale by Franchisor~~Services and Approved Products; (~~ii~~2) to sell or offer for sale all of the Approved ~~s~~Services and Approved ~~p~~Products required by Franchisor; (~~iii~~3) not to deviate from ~~Franchisor's~~the System ~~s~~Standards~~ and specifications~~; and (~~iv~~4) to discontinue selling and offering for sale any services or products that Franchisor may, in its discretion, disapprove at any time. Franchisor shall supply Franchisee with a list of suppliers from which Franchisee is required to purchase fitness equipment, running equipment / accessories, and other products or services for the Studio. Franchisor may change this list from time to time, and upon notification to Franchisee, Franchisee shall only purchase fitness equipment, running equipment / accessories, and other required products or services from approved suppliers as specified on the changed list. Franchisor~~, or an~~ and its affiliates ~~of Franchisor,~~ may be ~~a~~ designated or approved suppliers of certain ~~equipment, gear, merchandise, apparel and supplies~~items and services. Franchisee agrees to keep the Studio and fitness equipment in clean condition, with all equipment well-maintained and operational, and be able at all times during business hours to provide members with all services and products specified by Franchisor.

B. ~~B.~~ *Required Use of Approved Suppliers*. Franchisee agrees that~~: (i)~~ all exercise equipment must be purchased exclusively from approved suppliers~~ and~~, must be maintained according to manufacturer or Franchisor specifications, as applicable; and (ii) Franchisee must~~ use the~~, if required by Franchisor as a condition to site selection approval, use real estate attorney ~~designated~~from the panel recommended by Franchisor to review and negotiate the lease for the Studio. ~~Franchisee acknowledges and agrees that Franchisor is (or may at any time in future become) an approved or designated supplier for certain running/fitness equipment, other equipment, products, logo items, signage and artwork, that Franchisor may derive income from the sale of such items, and that the price charged by Franchisor may reflect a profit.~~

C. ~~C.~~ *No Deviation or Supplement with Regards to Approved Services and/or Related Methodology*. Franchisee and ~~any authorized Studio personnel~~its instructors must teach classes ~~and provide other instruction~~ exactly as specified in the Manual and in other training materials provided by Franchisor. Franchisee agrees not to add any exercises, running methods, workout regimens, or other forms of instruction that are not approved by Franchisor, and Franchisee agrees not to leave out any exercises, running methods, workout regimens, or other forms of running instruction that are required by Franchisor.

~~D.~~ ~~*Franchisor Approval of Master Trainer and Provision of Authorized Coach Training as Part of the Approved Services at the Studio.*~~ ~~The parties agree and acknowledge that Franchisee may not offer or provide Authorized Coach Training at the Studio or otherwise, unless and until: (i) Franchisor approves an Authorized Coach to attend and complete the master training program described in Section 6.3(E) of this Agreement; (ii) Franchisee or the Authorized Coach at issue pays Franchisor the required Coach Training Tuition associated with the training; (iii) that Authorized Coach completes the foregoing program and is approved as a Master Trainer; and (iv) Franchisor provides written notice to Franchisee that the Master Trainer can provide Authorized Coach Training at the Studio (the "Authorized Coach Training Supplemental Service Conditions"). In the event the Authorized Coach Training Supplemental Service Conditions are satisfied, only the Master Trainer(s) that have satisfied the conditions may provide Authorized Coach Training at the Studio, subject to the following terms:~~

~~1. Franchisee must ensure that its Master Trainer provides Authorized Coach Training in strict accordance with System standards and specifications, as well as the materials that Franchisor provides for use in connection with the provision of Authorized Coach Training (the "Authorized Coach Training Materials");~~

~~2. With regards to each client that enrolls in Authorized Coach Training at the Studio, Franchisee agrees and acknowledges that: (i) Franchisor will receive the full then-current Coach Training Tuition associated with providing the Program to that client from the client directly via online scheduling/payment or other method Franchisor designates; (ii) unless Franchisor agrees otherwise in a separate writing, Franchisee may not accept any Coach~~

~~Training Tuition; and (iii) Franchisor will be entitled to its then-current portion of the Coach Training Tuition as consideration for the intellectual property and Authorized Coach Training Materials associated with the Program before remitting the balance of the Coach Training Tuition to Franchisee; and~~

~~3. The revenue generated by the provision of Authorized Coach Training at the Studio will not be accounted for in the definition of "Gross Sales" of the Studio for purposes of calculating the Royalties or Fund Contribution due to Franchisor hereunder and will be accounted for separate and apart from all other Gross Sales of the Studio in required financial reporting under this Agreement.~~

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

E. ~~F.~~ *Franchisor Rights*. Franchisee acknowledges and agrees that Franchisor and certain of its affiliates are (or may at any time in future become) an approved or designated supplier for certain fitness equipment, other equipment, products, logo items, signage and artwork, and other items and services used or sold in Stride Studios; that Franchisor and such affiliates may derive income from the sale of such items, and that the prices charged by Franchisor or such affiliates may reflect an ordinary and reasonable profit consistent with a business of the kind that produces and/or supplies such items. Franchisee acknowledges and agrees that Franchisor and its affiliates may sell products and services to members located anywhere, even if such products and services are similar to what Franchisor sells to Franchisee and what Franchisee offers at ~~the~~its Studio. Franchisor and its affiliates may use the internet or alternative channels of commerce to sell ~~brand~~ products and services, including those identified by the Marks. Franchisee may only sell the products and services from the Studio's approved location~~,~~ and may only use the internet or alternative channels of commerce ~~to offer or sell the products and services~~, as permitted by Franchisor, in order to register members for approved classes. Nothing in the foregoing shall prohibit Franchisee from obtaining members over the Internet provided Franchisee's internet presence and content comply with the requirements of this Agreement.

F. ~~G.~~ *Advertising Outside Designated Territory*. Unless Franchisor agrees otherwise, Franchisee may not actively solicit potential members or customers, or otherwise promote ~~the franchised business~~its Studio through any targeted advertising/marketing, outside of the Designated Territory.

Nothing in this Agreement, however, shall prohibit Franchisee from servicing members and other customers that contact Franchisee or ~~the~~its Studio, regardless of where those members/customers reside or work.

G. ~~H.~~ *No Unauthorized Sales of Certain Items*. Unless Franchisor directs or agrees otherwise in writing, Franchisee agrees not to sell vitamins, supplements or other nutritional products or food items, including bottled water, at the Studio.

H. ~~I.~~ *~~Penalty~~Non-Compliance Fee*. Franchisor reserves the right to charge its then-current per day ~~Penalty~~Non-Compliance Fee for each day Franchisee offers or sells unauthorized products or services from the Studio~~, including in connection with the offer or provision of Authorized Coach Training in a manner that is not consistent with this Agreement~~.

8.5 **~~8.5~~ Compliance with Laws.** Franchisee agrees to comply with all ~~federal, state and local laws, rules, and regulations and shall~~Applicable Laws and, as soon as practicable, but in any event prior to ~~the opening for business of~~conducting any activities in connection with the Studio, obtain all ~~municipal and state~~insurance required by this Agreement or Applicable Laws and any required governmental permits, certificates or licenses necessary to occupy the Authorized Location and operate the Studio~~ and shall~~. Franchisee also agrees to file and publish, if required by ~~a~~Applicable ~~law~~Laws, a certificate of doing business (whether under a fictitious name or otherwise). Franchisee acknowledges and agrees that it has the sole responsibility to investigate and comply with any ~~a~~Applicable ~~l~~Laws in the ~~state where~~jurisdiction in which the Studio is located that ~~are specific to the operation of a health/fitness studio. For example, some states require that health/fitness facilities have a staff person available during all hours of operation that is certified in basic cardiopulmonary resuscitation or other specialized medical training. Some state or local laws may also require that health/fitness facilities have an automated external defibrillator and/or other first aid equipment on the premises. Franchisee shall operate and maintain the Studio in strict compliance with all employment laws, building codes, fire and safety codes, environmental laws, Occupational Safety and Health Administration laws, health and safety laws, sanitation laws, Americans with Disabilities Act and any~~relate to the ownership, development and operation of the Studio and businesses generally (including, for example, requirements related to accessibility, protection of personally identifiable information, having staff during operating hours that are trained in certain life-saving procedures, and having certain life-saving and first aid equipment on premises, form and content of membership agreements, and other requirements that ~~may be prescribed by any federal, state or local governmental agency~~relate to gyms, fitness facilities, health spas, and similar businesses). Franchisee agrees to immediately provide Franchisor with a copy of any notice received by Franchisee from any person or state, local or governmental agency pertaining to compliance with any ~~codes or requirements, or the failure to comply with any codes or requirements, at the Studio.~~Applicable Laws including any such notices that any audit, investigation, or similar proceeding by any such person or governmental authority is pending or threatened against Franchisee on the basis of any of any the foregoing. Franchisee hereby certifies and represents that Franchisee, and any of its affiliates, any of its partners, members, shareholders or other equity owners, and their respective employees, officers, directors representatives or agents, are not acting, directly or indirectly, for or on behalf of any person, group, entity or nation named by any Executive Order or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule or regulation that is enforced or administered by the Office of Foreign Assets Control. ~~Franchisee hereby agrees to defend, indemnify and hold harmless Franchisor from and against any and all claims, damages, losses, risks, liabilities and expenses (including~~

~~attorneys' fees and costs) arising from or related to any breach of the certifications set forth in this paragraph.~~

8.6 **Operational Efforts.** ~~8.6 **Operational Efforts**. Franchisee may appoint a Designated Manager to assist in the direct, day-to-day, supervision of the operations of the Studio, provided that Designated Manager successfully completes the Designated Manager Training Program prior to commencing any management responsibilities at the Studio.~~ Franchisee agrees to keep Franchisor advised, in writing, of any manager and all ~~teachers~~Authorized Coaches involved in the operation of the ~~franchised business~~Studio and their contact information. Franchisee agrees to keep the Studio open for the hours stated in the Manual and as deemed appropriate by Franchisor. If Franchisee does not have a Designated Manager, then Franchisee (or its Operating Principal, as applicable) must be on-site at the Studio during normal business hours to manage ~~day to day~~day-to-day operations. Each Operating Principal must have the authority to act for Franchisee in all matters relating to the Studio, including voting responsibilities. Any change in the Operating Principal(s) is subject to Article 14 below and the training requirements of this Agreement.

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

8.7 ~~**8.8**~~ **Performance Standards.** Franchisee and Franchisor have a shared interest in the Studio performing at or above the System Standards. Franchisor would not have entered into this franchise relationship if Franchisor had anticipated that Franchisee would not meet the~~se~~ following performance standards (the "Performance Standards~~.~~"):

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

B. *Minimum Monthly Gross ~~Revenue~~Sales Quota*. Unless waived by Franchisor due to unique market conditions, Franchisee must meet a certain minimum monthly Gross Sales quota (the "Minimum Monthly Gross ~~Revenue~~Sales Quota~~. If~~"), as follows: (i) Franchisee ~~fails to~~must achieve and maintain trailing 12-month average monthly ~~g~~Gross ~~revenues~~Sales of $30,000 by the first (1st ~~year~~) anniversary of the opening of the Studio; and (ii) Franchise must achieve and maintain trailing 12-month average monthly ~~g~~Gross ~~revenues~~Sales of $40,000 by the ~~end of the 2nd year anniversary and each succeeding year thereafter, then Franchisor may institute a corrective training program and/or require Franchisee to perform additional local marketing~~second (2nd) and each successive anniversary of the opening of the Studio. If Franchisee fails to meet the Minimum Monthly Gross ~~Revenue~~Sales Quota for 36 consecutive months at any time during the Term ~~of this Agreement~~, Franchisor, at its sole discretion, may institute a mandatory corrective training program or terminate this Agreement upon written notice to Franchisee.

~~I have read Article 8, understand it, and agree to comply with each of its sub-sections.~~
~~Your Initials: __________ / __________~~

9. ~~9.~~ ADVERTISING AND MARKETING

9.1 ~~9.1~~ Fund.

A. ~~A.~~ ~~Upon Franchisee's establishment of a Fund,~~ Franchisee will be required to pay the appropriate Fund Contribution to Franchisor as described in Section ~~5.5~~5.6 of this Agreement. In the event Franchisor increases the Fund Contribution from what it is as of the Effective ~~d~~Date ~~this Agreement is signed~~, Franchisor will provide at least sixty (60) days' written notice of such increase in the Fund Contribution.

B. ~~B.~~ ~~Once established, t~~The Fund will be administered by Franchisor (or its affiliates) as it deems appropriate in its discretion. Franchisor may establish a marketing fund committee (the "MFC") to serve in an advisory capacity only with respect to providing guidance and advice on Fund-related matters ~~(the "Fund Advisory Committee" or "FAC")~~, but Franchisor is under no obligation to do so. In the event ~~an FAC~~a MFC is established in connection with the Fund, Franchisor will determine how best to structure and work with the ~~FAC~~MFC and Franchisor will have the right to dissolve any established ~~FAC~~MFC upon thirty (30) days' written notice to Franchisee. The Fund will be maintained and operated by Franchisor, as it deems appropriate in its discretion, to meet the costs of conducting regional and national advertising, promotional, marketing activities, as well as related technology and other brand development activities, that are deemed most beneficial to the System.
The MFC would represent Stride Studio franchisees and advise ~~C.~~ Franchisor ~~will have complete control and discretion over how to administer the Fund and Fund Contributions to determine the~~with regard to all advertising, marketing and public relations programs and activities financed by the Fund, including the creative concepts, materials and endorsements used and the geographic market, media placement and allocation. The ~~FAC~~MFC would be purely advisory in nature and ~~will~~would have no operational or ultimate decision-making authority.

C. Franchisee agrees that the Fund may be used to pay the costs of preparing and producing associated materials and programs as Franchisor may determine, including ~~without limitation:~~the use of social media; formulating, developing and implementing advertising and promotional campaigns; video, audio and written advertising materials employing advertising agencies; sponsorship of sporting, charitable or similar events; administering regional, national and multi-regional advertising programs including purchasing direct mail and other media advertising, website development/operation and to pay Internet, Intranet, URL, ~~(~~800~~)~~ or similar number, and other charges, fees and/or expenses, including employing advertising agencies to assist with marketing efforts; ~~developing franchisee training and other development tools designed to support or facilitate Studio operations; and~~ supporting public relations, market research and other advertising, promotional and marketing activities; the reasonable costs of administering the Fund, including accounting expenses and the actual costs of salaries and fringe benefits paid to Franchisor's employees engaged in administration of the Fund and/or creation, development and/or placement of any creative and/or implementation of any campaigns associated with the same. A brief statement regarding the availability of Stride franchises ~~and details about the franchise offering~~ may be included in advertising and other items produced using the Fund.

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

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

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

G. ~~G.~~ Franchisee acknowledges that the Fund Contributions are intended to maximize general public recognition of and the acceptance of the ~~Intellectual Property~~System and Marks generally, for the benefit of the System as a whole. Notwithstanding the foregoing, Franchisor undertakes no obligation, in administering the Fund Contributions to make expenditures ~~for you~~ that are equivalent or proportionate to ~~your~~Franchisee's contribution, or to ~~i~~ensure that any particular Stride Studio benefits directly or pro rata from advertising or promotion conducted with the Fund Contributions.

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

~~I. In the event Franchisor or any Affiliate of Franchisor owns and operates a Studio utilizing the System, these Corporate Studios will contribute to the Fund on the same basis that franchised Studios in the System are required to contribute.~~

9.2 ~~9.2~~ ~~Grand Opening Advertising~~Initial Marketing Spend; Local Marketing Activities.

A. *Initial Marketing Spend*. Franchisee must spend a minimum of ~~Fifteen Thousand Dollars ($15,000) in connection with the grand opening and initial launch marketing of the Studio around the time the Studio opens, as reasonably directed by Franchisor (~~$15,000 ("the "Initial Marketing Spend") in connection with the pre-opening sales and marketing activities set forth in connection with (i) Franchisee's approved Opening Support Program, and (ii) other marketing and promotional activities that Franchisor approves or designates. Franchisor may also require that Franchisee expend all or any portion of the Initial Marketing Spend on initial marketing/advertising and/or public relations materials or services that are purchased from an Approved Supplier. The Initial Marketing Spend will not count towards Franchisee's local advertising expenditure requirements provided in Section 9.2.B below.

B. ~~B.~~ *Local Advertising Requirement*. Franchisee is responsible for local advertising and marketing activities to attract members to the Studio. Franchisee must expend at least $1,500 per month on approved local advertising and marketing activities designed to promote the Studio within the Designated Territory. Upon Franchisor's written request, Franchisee must provide Franchisor with an accounting of all expenditures made by Franchisee to comply with this Section, along with any invoices or other documentation to support such expenditures. Franchisor may, at any time and on notice to Franchisee, change the amount that Franchisee must spend on local advertising and marketing activities for its Studio.

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

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

E. *Opening Support Program*. Franchisee must also expend all required amounts that Franchisor prescribes or otherwise approves as part of Franchisee's Pre-Sales Phase plan, including any amounts due to Franchisor's approved supplier for the Opening Support Program.

F. *Full Participation*. Franchisee must participate in all advertising and sales promotion programs that Franchisor may develop from time to time to promote and enhance the collective success of the System.

9.3 ~~**9.3**~~ **Social Media Activities.** As used in this Agreement, the term "Social Media" is defined as a network of services, including, but not limited to, blogs, microblogs, and social networking sites ~~(such as Facebook, LinkedIn and MySpace)~~, video-sharing and photo-sharing sites ~~(such as YouTube and Flickr),~~, customer review sites ~~(such as Yelp!®),~~ marketplace sites ~~(such as eBay and Craigslist)~~, Wikis, chat rooms and virtual worlds, that allows participants to communicate online and form communities around shared interests and experiences. While it can be a very effective tool for building brand awareness, it can also be devastating to a brand if used improperly. Therefore, Franchisee must strictly follow the Social Media guidelines, code of conduct, and etiquette as set forth in the Manual, which may require Franchisee to comply with Franchisor's then-current privacy policy. Any use of Social Media by Franchisee pertaining to the Studio must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. Franchisor reserves the right to "occupy" any Social Media websites/pages and be the sole provider of information regarding the Studio on such websites/pages (e.g., a system-wide Facebook page). At Franchisor's request, Franchisee will promptly modify or remove any online communication pertaining to the Studio that does not comply with this Agreement or the Manual.

9.4 Franchisee Marketing Groups.~~9.4 **Franchisee Marketing Group(s) ("Co-Ops").**~~ Franchisor may decide to form one or more associations and/or sub-associations of Stride Studios to conduct various marketing-related activities on a cooperative basis (a "Co-Op"). If one or more Co-Ops (local, regional and/or national) are formed covering Franchisee's area, then Franchisee must join and actively participate. ~~Each Studio~~Franchisee will be entitled to one (1) vote~~, but in order to vote the Studio must be in Good Standing~~ if Franchisee is in Good Standing at the time the vote is taken. Franchisee will be considered in "Good Standing" if it is not in default of any obligation to Franchisor or any of Franchisor's affiliates, whether arising under this Agreement or any other agreement between Franchisee and Franchisor (or any of Franchisor's affiliates), the Manual or other System requirements. Franchisee may be required to contribute such amounts as are determined from time to time by such Co-Ops.

~~**I have read Article 9, understand it, and agree to comply with each of its Sections.**~~ ~~**Your Initials:**~~ ___________ / ___________

10. ~~10.~~ FINANCIAL REPORTS, AUDITS, COMPUTER SYSTEM AND INSURANCE REQUIREMENTS

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

10.2 ~~**10.2**~~ **Right to Conduct Audit or Review.** Franchisor shall have the right, in its sole determination, to require a review by such representative(s) as Franchisor shall choose, of all information pertaining to the Studio, including~~, without limitation~~ financial records, books, tax returns, papers, and business management software programs of Franchisee, at any time during normal business hours without prior notice for the purpose of accurately tracking unit and System-wide sales, sales increases or decreases, effectiveness of advertising and promotions, and for other reasonable business purposes. Such review will take place at the Studio or Franchisee's head office (if different), or both, and Franchisee agrees to provide all information pertaining to the Studio requested by Franchisor during its review. If (a) the ~~review is done~~audit is conducted because of a failure by Franchisee to furnish reports, supporting records or other required information or to furnish the reports and information on a timely basis, or (b) the audit otherwise reveals an underreporting of two percent (2%) or more by Franchisee, then Franchisee shall reimburse Franchisor for all costs of the audit or review including, without limitation, travel, lodging, wage expense and reasonable accounting and legal expense. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement or applicable law.

10.3 ~~10.3~~ **Computer System and Software.** Franchisee must acquire a computer for use in the operation of the Studio. Franchisee agrees to record all of its receipts, expenses, invoices, member lists, class and employee schedules and other business information promptly in the computer system and use the software that Franchisor specifies or otherwise approves. Franchisor reserves the right to change the computer system, and the accounting, business operations, customer service and other software at any time. Data, including names, addresses, contact information, and credit card or payment information of members of the Studio will be captured on the required software~~,~~ and ~~will become~~is the ~~joint~~ property of ~~Franchisee and~~ Franchisor ~~during the Term of this Agreement~~and part of Franchisor's Confidential Information. Franchisee will provide Franchisor with any passwords necessary to access the business information for the Studio that is stored on the required software and online. Franchisor may use such information to communicate directly to the members of the Studio, and to provide updates, information, newsletters, and special offers to the members. Franchisee must upgrade and maintain the computer system and software in the Studio, as required by Franchisor from time to time, and pay any fees associated with such upgrades. Upon expiration or termination of this Agreement, Franchisee shall have no further access or rights to the member information and Franchisor shall be the sole owner of such information.

10.4 ~~10.4~~ **Insurance.**

A. ~~A.~~ Prior to opening the Studio for business and throughout the entire ~~t~~Term ~~of this Agreement~~, Franchisee will keep in force at Franchisee's own expense and by advance payment of the premium, the ~~following~~ insurance coverages~~:~~ and coverage amounts specified in the Manual from time to time.

~~(1) Workers' Compensation and Employer's Liability Insurance as well as such other insurance, with statutory limits, as required by law in the jurisdiction where the franchised business is located. Employers Liability or "Stop Gap" insurance, with limits of not less than $1,000,000 each accident;~~

~~(2) Commercial General Liability Insurance, Occurrence form, including a per location or project aggregate, with the following coverages: owners and contractors protective liability, broad form property damage, contractual liability, severability of interest clause; personal and advertising injury; and products/completed operations; medical payments and fire damage liability; insuring Franchisee and Franchisor against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from or occurring in the course of, or on or about or otherwise relating to the franchised business including general aggregate coverage in the following limits:~~

~~**Required Coverage**~~	~~**Minimum Limits of Coverage**~~
~~General Aggregate~~	~~$5,000,000~~
~~Products/Completed Operations Aggregate~~	~~$5,000,000~~
~~Personal and Advertising Injury~~	~~$1,000,000~~
~~Each Occurrence~~	~~$1,000,000~~
~~Participant Legal Liability~~	~~$1,000,000~~
~~Professional Liability~~	~~$1,000,000~~
~~Employee Benefits Liability (per employee)~~	~~$1,000,000~~
~~Employee Benefits Liability (aggregate)~~	~~$2,000,000~~

~~Damage to Rented Premises (per occurrence) $1,000,000~~
~~Medical Expense (any one person) $5,000~~

~~(3) "ALL RISK" or special form property coverage of no less than current replacement cost of the Studio's equipment, fixtures and leasehold improvements (tenant improvements) sufficient in the amount to restore the Studio to full operations. Glass coverage no less than a limit of $25,000 and sign coverage no less than a limit of $10,000 in addition to equipment, fixtures and leasehold improvements;~~

~~(4) Business interruption insurance with coverage for at least twelve (12) months for actual losses. (For purposes of this Agreement, "Gross Sales" shall include any proceeds received by Franchisee in connection with a "business interruption" insurance claim);~~

~~(5) Auto Liability (Hired and Non-owned autos) with a $1,000,000 Combined Single Limit Each Accident for Bodily Injury and Property Damage, if Franchisee utilizes a vehicle in connection with the operation of the Studio; and~~

~~(6) Employment Practices Liability with a limit no less than $1,000,000 per claim and $1,000,000 aggregate per location. The retention may not exceed $1,000.~~

B. ~~B.~~ All insurance policies must be written by an insurance company licensed in the state in which Franchisee operates its Studio. The insurance company must have at least an "A" Rating Classification as indicated in A.M. Best's Key Rating Guide. Franchisor, as well as its parent and subsidiaries/affiliates, shall be included as Additional Insureds on Studio's Commercial General Liability policy.

C. Franchisor reserves the right, from time to time, in its discretion, to upgrade the insurance requirements or lower the required amounts as to policy limits, deductibles, scope of coverage, or rating of carriers in response to current industry standards, market conditions and/or landlord requirements. Within sixty (60) days of receipt of notice from Franchisor, Franchisee agrees to revise its coverage, as specified in any notice from Franchisor.

D. Franchisor reserves the right to designate, or require pre-approval of, the provider of any insurance required in connection with the Studio.

E. ~~E.~~ Franchisee's obligation to obtain and maintain insurance shall not be limited by reason of any insurance that may be maintained by Franchisor nor relieve Franchisee of liability under the indemnity provisions set forth in this Agreement. All insurance policies and coverage must name Franchisor as an additional insured, waive any subrogation rights or other rights to assert a claim back against Franchisor and shall contain a clause requiring notice to Franchisor thirty (30) days in advance of any cancellation or material change or cancellation to any such policy. Franchisee shall give Franchisor certificates of coverage at least annually. Failure to obtain or the lapse of any of the required insurance coverage shall be grounds for the immediate termination of this Agreement pursuant to Section 15.1, and Franchisee agrees that any losses, claims or causes of action arising after the lapse of or termination of insurance coverage will be the sole responsibility of Franchisee and that Franchisee will hold Franchisor harmless from all such losses, claims and/or causes of action. In addition, but not to the exclusion of the foregoing remedy, if Franchisee fails to procure or maintain the required insurance, Franchisor shall have the right and authority, but not the obligation, to procure immediately the insurance and Franchisee shall reimburse Franchisor for the cost of the insurance plus reasonable expenses immediately upon written notice. Franchisee is required to submit to Franchisor a copy of a Certificate of Insurance, with Franchisor as an additional insured, showing compliance with the foregoing requirements at least thirty

(30) days before Franchisee commences operation of the Studio. Franchisor shall have a security interest in all insurance proceeds to the extent Franchisee has any outstanding obligations to Franchisor.

~~**I have read Article 10, understand it, and agree to comply with each of its Sections.**~~
~~**Your Initials: __________ / __________**~~

11. ~~11.~~ RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

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

11.2 ~~**11.2**~~ **Indemnification.** Franchisee~~, as a material part of the consideration to be rendered to Franchisor,~~ agrees to indemnify, defend and hold Franchisor, as well as Franchisor's directors, officers, principals/owners, managers, shareholders, affiliates, subsidiaries, employees, servants, agents, successors and assignees (collectively, the "Indemnitees"), harmless from and against any and all losses, damage, claims, demands, liabilities and causes of actions of every kind or character and nature, as well as costs and expenses incident thereto (including reasonable attorneys' fees and court costs), that are brought against any of the Indemnitees (collectively, the "Claims") that arise out of or are otherwise related to Franchisee's (a) breach or attempted breach of, or misrepresentation under, this Agreement or in connection with the offer/sale of the Studio prior to the execution of this Agreement, (b) ownership, construction, development, management, or operation of the Studio in any manner~~; and/or~~, (c) gross negligence or intentional misconduct, and/or (d) alleging Franchisee's or its representatives' violation of Applicable Laws as set forth in Section 8.5 above. Notwithstanding the foregoing, ~~at Franchisor's option, Franchisor~~any Indemnitee may choose to engage counsel and defend against any such Claim and may require immediate reimbursement from the Franchisee of all expenses and fees incurred in connection with such defense. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. Indemnitees need not seek recovery from any insurer or other third-party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against Franchisee under this Section. Any Indemnitee's failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that person may recover from Franchisee under this Section.

~~I have read Article 11, understand it, and agree to comply with each of its Sections.~~
~~Your Initials: __________ / __________~~

12. ~~12.~~ CONFIDENTIAL INFORMATION

12.1 ~~12.1~~ Franchisor's Confidential Information.

A. ~~A.~~ Franchisee acknowledges and agrees that all information relating to the System and to the development and operation of the Studio, including, without limitation, the Manual, Franchisor's training programs, members and supplier lists, customer data, or other information or know-how ~~that has been~~distinctive to the develop~~ed~~ment ~~by Franchisor or its affiliates~~or operation of a Stride Studio (all of the preceding information is referred to herein as the "Confidential Information") ~~are~~is considered to be proprietary and trade secrets of Franchisor. Confidential Information does not include information, knowledge, or know-how, which is lawfully known to the public without violation of applicable law or an obligation to Franchisor or its affiliates. Franchisee agrees that all Confidential Information is to be held in the strictest of confidence during and after the ~~t~~Term ~~of this Agreement~~ and is not to be used for any purpose other than the development and operation of a Studio in accordance with this Agreement or divulged to anyone directly or indirectly at any time, except to Franchisee's Studio employees~~, including any~~ or independent contractors~~, with~~ who have a need to know the information in order to operate the Studio and who are themselves bound by similar obligations of confidentiality and non-use. Upon Franchisor's request, Franchisee shall require the Studio's employees and any independent contractors to execute a nondisclosure and non-competition agreement in a form satisfactory to Franchisor. Franchisee shall not acquire any interest in the Confidential Information other than the right to utilize it in the ~~Studio~~development and operation of its Studio in accordance with this Agreement and agrees not to copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, nor otherwise make ~~them~~it available to any unauthorized person, nor use them in any other business or in any manner not specifically authorized or approved in writing by Franchisor. Franchisee shall adopt and implement all reasonable procedures to prevent unauthorized use, duplication or disclosure of Franchisor's Confidential Information. If Franchisee or Franchisee's employees or any independent contractors learn about an unauthorized use of any ~~trade secret or c~~Confidential ~~materials~~Information, Franchisee must promptly notify Franchisor. Franchisor is not obligated to take any action~~,~~ but will respond to the information as it deems appropriate. If Franchisee at any time conducts, owns, consults with, is employed by or otherwise assists a similar or competitive business to that franchised hereunder, the doctrine of "inevitable disclosure" will apply, and it will be presumed that Franchisee is in violation of this covenant; and in such case, it shall be Franchisee's burden to prove that Franchisee is not in violation of this covenant.

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

~~12.2~~ ~~**No Other Interests.**~~ ~~Franchisee further acknowledges that Franchisor would be unable to protect~~

~~its Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among System franchisees if its franchisees were permitted to hold an interest in other fitness or S Studio businesses and otherwise to compete with Franchisor. Therefore, during the term of this Agreement, Franchisee must comply with the competitive covenant provisions of Article 13 herein.~~

12.2 ~~12.3~~ **Injunctive Relief.** Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising out of this Agreement, shall not constitute a defense to the enforcement of this Article 12. Franchisee acknowledges and agrees that any failure to comply with the requirements of this Article 12 will cause Franchisor irreparable injury for which no adequate remedy at law is available, and Franchisee accordingly agrees that Franchisor shall be entitled to injunctive relief as specified in Section ~~16.2~~16.5 herein to enforce the terms of this Article 12. Franchisee shall pay all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Franchisor in connection with the enforcement of this Article 12. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement or applicable law.

~~**I have read Article 12, understand it, and agree to comply with each of its Sections.**~~
~~**Your Initials: __________ / __________**~~

13. ~~13.~~ COVENANTS NOT TO COMPETE

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

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

B. *After the Term of this Agreement.*

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

any location where Franchisor can demonstrate it has offered or sold franchises as of the date this Agreement is terminated or expires.

(2) Prohibition on Competing Businesses. For two (2) years after the expiration, termination or non-renewal (by Franchisor or by Franchisee for any reason) of this Agreement or after Franchisee has assigned its interest in this Agreement, the Restricted Parties shall not own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to, lease/sublease space to, or have any interest in or involvement with, any other Competing Business: (i) at the Authorized Location; or (ii) within a ten (10) mile radius of (a) the Authorized Location, or (b) any other ~~Franchised Studio or Corporate Studio that~~Stride Studio owned by Franchisor, its affiliates, or any franchisee, which is open, under lease or otherwise under development as of the date this Agreement expires or is terminated.

(3) Transfer of All Ownership Interests. If an owner of Franchisee ceases to be an owner of Franchisee for any reason, the former owner shall comply with the provision of this Section 13.1.B as though this Agreement were terminated as of the date on which the owner ceased to be an owner.

13.2 ~~13.2~~ Non-Solicitation Covenants.

A. ~~A.~~ *During the Term of this Agreement*. Franchisee ~~agrees not to (a)~~represents and warrants that it will not divert or seek to divert customers from another ~~Studio or System franchisee, or (b) employ or seek to employ any person employed by Franchisor or by any other franchisee of Franchisor, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment during the term of this Agreement, without first obtaining the consent of Franchisor or any other franchisee of Franchisor, to the extent permitted by the laws where the Studio is located. Coaches and sales staff may work at more than one Studio. Franchisee acknowledges that Franchisor has the right to offer to sell or to sell a franchise to any employee of Franchisee.~~Stride Studio to its Studio.

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

13.3 ~~13.3~~ Enforcement of Covenants.

A. ~~A.~~ Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising out of this Agreement, shall not constitute a defense to the enforcement of the covenants in this Article 13. Franchisee acknowledges and agrees that in view of the nature of the System and the business of Franchisor, the restrictions contained in this Article 13 are reasonable and necessary to protect the legitimate interests of the System and Franchisor. Franchisee further acknowledges and agrees that Franchisee's violation of the terms of this Article 13 will cause irreparable injury to Franchisor for which no adequate remedy at law is available, and Franchisee accordingly agrees that Franchisor shall be entitled to preliminary and permanent injunctive relief and damages, as well as, an equitable accounting of all earnings, profits, and other benefits arising from such violation, which remedies shall be cumulative and in addition to any other rights or remedies to which

Franchisor shall be entitled. Franchisee agrees to waive any bond that may be required or imposed in connection with the issuance of any preliminary or provisional relief. Franchisee shall pay all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Franchisor in connection with the enforcement of this Article 13. If Franchisee violates any restriction contained in this Article 13, and it is necessary for Franchisor to seek equitable relief, the restrictions contained herein shall remain in effect until two (2) years after such relief is granted. If Franchisee contests the enforcement of Article 13 and enforcement is delayed pending litigation, and if Franchisor prevails, the period of non-competition shall be extended for an additional period equal to the period of time that enforcement of this Article 13 is delayed.

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

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

~~D. The parties agree and acknowledge that the laws where the Franchised Business is located shall apply and govern all claims, disputes and causes of actions arising out of or related to the foregoing covenants against competition set forth in this Article 13, without reference to that state's conflict of law provisions.~~

~~**I have read Article 13, understand it, and agree to comply with each of its Sections.**~~
~~**Your Initials:**~~ ___________ / _________

14. ~~14.~~ TRANSFER OF INTEREST

14.1 ~~**14.1**~~ **Franchisor's Approval Required.** All rights and interests of Franchisee arising from this Agreement are personal to Franchisee and except as otherwise provided in this Article 14, Franchisee shall not, without Franchisor's prior written consent, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, pledge or encumber its interest in this Agreement, in the license granted hereby, in the assets of the Studio, any of its rights hereunder, or in the lease for the premises at which the Studio is located (each a "Transfer"), and any purported ~~sale, assignment, t~~Transfer~~, pledge or encumbrances~~ shall be null and void. If Franchisee is a corporation, limited liability, partnership, or an individual or group of individuals, any assignment (or new issuance), directly or indirectly, occurring as a result of a single transaction or a series of transactions that alters the ~~P~~percentages of ~~O~~ownership ~~I~~interests reflected ~~in Section 17.3 of~~on Exhibit 1 to this Agreement must promptly be reported to Franchisor and is a ~~"t~~Transfer~~"~~ within the meaning of this Article 14. Any proposed Transfer shall be subject to Franchisor's right of first refusal provided in Section 14.5 below.

14.2 ~~**14.2**~~ **Conditions for Approval of Transfer.** Franchisee must provide Franchisor with all information or documents that Franchisor requests about the proposed Transfer, the transferee, and its owners. Upon Franchisor's receipt of such information, Franchisor shall not unreasonably withhold its approval of a proposed transfer, provided that the prospective transferee, in Franchisor's reasonable judgment, is of good moral character and reputation, has no conflicting interests, has a good credit rating and sufficient and competent business experience, aptitude and financial resources acceptable to Franchisor's then-current standards for franchisees; and that the following conditions are met: (1) Franchisee pays Franchisor a transfer fee in an amount equal to $10,000 (except in those cases set forth at the end of this Section where only an administrative fee is charged), as well as any applicable broker fees due in connection with the transaction; (2) Franchisee and its related parties sign~~s~~ a prescribed form of general release in favor of Franchisor and its related parties; (3) the proposed transferee (and, if appropriate, ~~it~~their respective owners) must~~: (i)~~ pay the applicable Training Fee of $30,000; ~~and (ii)~~(4) the proposed transferor and transferee and their respective owners must execute a form of consent to transfer pursuant to which, at Franchisor's option, either (a) transferee agrees to execute Franchisor's then-current form of franchise agreement that will then govern the balance of the ~~t~~Term~~ of this Agreement~~, or (b) ~~enter into a form of assignment and consent to transfer whereby transferee (and, if appropriate, its owners) agree to assume all of Franchisee's obligations and covenants under~~ this Agreement is assigned to and assumed by the proposed transferee; (~~3~~5) the Studio and equipment must be upgraded, refurbished or repaired if Franchisor, in its sole discretion, decides it is necessary; ~~and~~ (~~4~~6) the transferee (a) completes (or has its Operating Principal complete) the Owner/Operator Module and has its Designated Manager complete the Designated Manager Training Program, and (b) has at least one (1) Authorized Instructor prior to reopening, and/or resuming the provision of Approved Services at, the Studio; (7) all monies owed, however arising, by Franchisee or its affiliates to Franchisor, its affiliates, and all suppliers to the Studio are paid; and (8) there must not be an outstanding default of any provision of this Agreement or of any other agreement between Franchisee (or its affiliates) and Franchisor (or its affiliates). Instead of the standard transfer fee, Franchisee must pay an administrative fee at the time of proposing any transfer or assignment amounting to (a) $500 if Franchisee is an individual (or individuals) and the transfer is from Franchisee to an entity that is wholly owned by such individual(s), or (b) $1,500 if the transfer is from Franchisee to an immediate family member.

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

14.3 ~~**14.4**~~ **Death or Disability of Franchisee.** In the event of the death or disability of Franchisee, if an individual, or of a stockholder of a corporate Franchisee, or of a partner of a Franchisee which is a partnership, or a member of a Franchisee which is a limited liability company, the transfer of Franchisee's or the deceased stockholder's, partner's or member's interest in this Agreement to his or her heirs, trust, personal representative or conservators, as applicable, must occur within six (6) months of the death or disability, but, shall not be deemed a ~~t~~Transfer by Franchisee (provided that the responsible management employees or agents of Franchisee have been satisfactorily trained at Franchisor's Initial Training Program) nor obligate Franchisee to pay any transfer fee. If Franchisor determines (i) there is no imminent transfer to a qualified successor or (ii) there is no heir or other principal person capable of operating the Studio, Franchisor shall have the right, but not the obligation, to immediately appoint a manager and commence operating the Studio on behalf of Franchisee or its estate. Franchisee shall be obligated to, and shall, pay to Franchisor all reasonable costs and expenses for such management assistance, including without limitation, the manager's salary, room and board, travel expenses and all other related expenses of the Franchisor appointed manager. Operation of the Studio during any such period shall be for and on behalf of Franchisee, provided that Franchisor shall only have a duty to utilize reasonable efforts and shall not be liable to Franchisee or its owners for any debts, loses or obligations incurred by the Studio, or to any creditor of Franchisee for any supplies, inventory, equipment, furniture, fixtures or services purchased by the Studio during any period in which it is managed by a Franchisor appointed manager. Franchisor may, in its sole discretion, extend the six (6) month period of time for completing a transfer contemplated by this Section.

14.4 ~~14.5~~ **Relocation.** Franchisee may not relocate the Studio from the Authorized Location without Franchisor's prior written approval~~;~~, which Franchisor may provide in its sole discretion. Franchisee agrees and acknowledges that: (i) it must pay Franchisor a $5,000 relocation fee at the time Franchisee makes any relocation request; and (ii) Franchisor is not likely to approve any relocation request unless (a) due to extreme circumstances that are beyond Franchisee's control, and (b) Franchisee is in full compliance with this Agreement.

14.5 **Franchisor's Right of First Refusal.** If Franchisor (or any of its owners) desire to engage in a Transfer, Franchisee (or its owners) agree to obtain from a responsible and fully disclosed buyer, and send to Franchisor, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to an interest in Franchisee or in this Agreement and the Studio. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price. The right of first refusal process will not be triggered by a proposed Transfer that would not be allowed under Sections 14.1 and 14.2 above. Franchisor may require Franchisee (or its owners) to send to Franchisor copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

Within 30 days after Franchisor receives an exact copy of the bona fide offer and all relevant information that Franchisor requests, Franchisor may, by written notice delivered to Franchisee or its selling owner(s), elect to purchase the interest offered for the price and on the terms and conditions contained in the offer. Franchisor may substitute any form of payment proposed in the offer as acceptable consideration. If Franchisor exercises its right of first refusal, Franchisor will have 30 days from the date that Franchisor notified Franchisee of its intended purchase. Franchisee and its owners must make all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, and Franchisee and its selling owner(s) (and their immediate family members) must comply with the obligations regarding Competing Businesses, as though this Agreement had expired on the date of the purchase. Franchisor has the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section 14.5.

If Franchisor decides not to exercise its right of first refusal, Franchisee or its owners may complete the sale to the proposed buyer on the original offer's terms, but only if Franchisor otherwise approved the Transfer in accordance with, and Franchisee (and its owners) and the transferee comply with the conditions in, Sections 14.1 and 14.2 above. If Franchise does not complete the sale to the proposed buyer within 60 days after either Franchisor notifies Franchisee that it does not intend to exercise its right of first refusal or the time Franchisor's exercise expires, or if there is a material change in the terms of the sale (which Franchisee agrees to tell Franchisor promptly), Franchisor or its designee will have an additional right of first refusal during the 30-day period following either the expiration of the 60-day period or Franchisor's receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at Franchisor's or its designee's option.

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

~~**I have read Article 14, understand it, and agree to comply with each of its Sections.**~~
~~**Your Initials: __________ / __________**~~

15. ~~15.~~ DEFAULT AND TERMINATION OF AGREEMENT

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

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

(1) ~~(1)~~ Franchisee has made any material misrepresentation or omission in the Application Materials or otherwise in connection with applying for the franchise or in executing or performing under this Agreement or any other agreement between Franchisee and Franchisor or any of Franchisor's affiliates;

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

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

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

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

(6) ~~(6)~~ Franchisee or its owners make~~s~~ an unauthorized direct or indirect ~~t~~Transfer or attempted or purported ~~t~~Transfer ~~of this Agreement, or makes an unauthorized direct or indirect transfer or attempted or purported transfer of an ownership interest in the Franchise,~~ or fails or refuses to transfer the Franchise or the interest in the Franchise of a deceased or disabled controlling owner thereof as required;

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

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

(9) ~~(9)~~ Franchisee violates any health or safety law, ordinance or regulation or operates the Studio in a manner that presents a health or safety hazard to its members or to the public;

(10) ~~(10)~~ Franchisee fails to obtain lawful possession of an ~~Authorized~~acceptable ~~L~~location and~~/or~~ to open ~~the~~for business as a franchised Studio within six (6) months after this Agreement is accepted by Franchisor, unless Franchisor agrees otherwise in writing;

(11) ~~(11)~~ Franchisee defaults under the lease agreement or otherwise loses the right to possess the premises at the location at which the Studio is located;

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

(13) ~~(13)~~ Franchisee ~~(a)~~ permits the offer or sale of products and services other than the Approved Services ~~and Approved Products, including any (a) unauthorized provision of Authorized Coach Training by a part other than a Master Trainer, or (b) unauthorized provision of the classes or other Approved Services by a party other than an Authorized Coach,~~at the Studio in violation of the terms of this Agreement on two (2) or more occasions in any 24-month period, regardless of whether Franchisee subsequently cured the prior default(s); ~~or~~

(14) ~~(14)~~ Franchisee, after curing a default pursuant to Section ~~15.1B~~15.1.B herein, commits the same act of default again within any ~~twelve~~six (~~12~~6)~~ consecutive ~~-month period whether or not such default is cured after notice thereof is delivered to Franchisee~~,~~; or ~~if~~

(15) Franchisee ~~received~~(or any of its owners) fails on three (3) or more ~~default notices from Franchisor~~separate occasions within any twelve (12) consecutive month~~ly~~ period ~~whether or not such defaults were related to the same problem or were cured after notice thereof was delivered~~to comply with any provision of this Agreement, whether or not Franchisor notifies Franchisee of the failures, and if Franchisor does notify Franchisee of the failures, whether or not Franchisee corrects the failures after Franchisor's delivery of notice to Franchisee.

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

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

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

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

(4) ~~(4)~~ Franchisee, or if Franchisee has elected not to directly supervise "on-premises" the day-to-day Studio operations, then Franchisee's management employee, fails to complete, to Franchisor's satisfaction, the ~~i~~Initial ~~t~~Training ~~p~~Program as provided in this Agreement;

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

(6) ~~(6)~~ Franchisee fails to pay when due any amounts owing to any person or entity in connection with the construction, leasing, financing, operation or supply of the Studio;

(7) ~~(7)~~ Franchisee closes any bank account without completing all of the following after such closing: (i) immediately notifying Franchisor in writing, (ii) immediately establishing another bank account, and (iii) executing and delivering to Franchisor all documents necessary for Franchisor to begin and continue making withdrawals from such bank account by electronic funds transfer~~ as Exhibit 2 to this Agreement permits~~;

(8) ~~(8)~~ Franchisee fails to maintain or suffers cancellation of any insurance coverage required under this Agreement or Applicable Laws;

(9) ~~(9)~~ Franchisee allows ~~(a) the classes or other Approved Services to be provided by anyone other than an Authorized Coach, or (b)~~classes to be taught or training to be conducted by teachers who have not successfully completed the Authorized Coach Training ~~to be provided by anyone other than a Master Trainer that has been approved by Franchisor to provide that~~ Program;

~~(10) Any transfer or attempted transfer by Franchisee or any partner, member or shareholder in Franchisee of any rights or obligations under this Agreement to any third party without the prior written consent of Franchisor;~~

(10) ~~(11)~~ Franchisee offers in conjunction with the operation of the Studio products or services that have not been approved by Franchisor;

(11) ~~(12)~~ Franchisee fails to abide by the pertinent marketing and advertising requirements and procedures and participate in marketing programs for the ~~business~~Studio as established by Franchisor; ~~or~~

(12) ~~(13)~~ Franchisee fails to comply with the Performance Standards as set forth in the provisions of this Agreement, as prescribed by Franchisor, or in the Manual, including, but not limited to, the Minimum Monthly Gross ~~Revenue~~Sales Quota for a period of 36 consecutive months, System Standards for cleanliness, customer service, equipment maintenance, and any other System Standards which effect or enhance the member experience at the Studio~~.~~; or

(13) Franchisee fails to (a) utilize Franchisor's then-current approved supplier to provide the Opening Support Program, (b) actively engage in the Pre-Sale Phase activities set forth in the plan that Franchisor and/or its approved supplier approves in connection with the Opening Support Program, and/or (c) fails to timely acquire the Pre-Sale and Soft Opening Inventory Package or expend the required minimum amounts that Franchisor prescribes in connection with the Pre-Sale Phase and other pre-opening activities designed to promote the Studio consistent with the terms of this Agreement.

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

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

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

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

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

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

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

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

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

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

I. ~~I.~~ Franchisor shall have the option, exercisable by giving written notice thereof within thirty (30) days from the date of such termination, expiration or non-renewal to purchase any and all equipment, furniture, fixtures, signs, sundries and supplies owned by Franchisee and used in the Studio, at the lesser of (i) Franchisee's cost less depreciation computed on a reasonable straight line basis (as determined in accordance with generally accepted accounting principles and consistent with industry standards and customs) or (ii) fair market value of such assets, less (in either case) any outstanding liabilities of the Studio. In addition, Franchisor shall have the option to assume Franchisee's lease for the lease location of the Studio, or if an assignment is prohibited, a sublease for the full remaining term on the same terms and conditions as Franchisee's lease. No value will be attributed to the value of the Marks or the System or to the assignment of the lease (or sublease) for the premises or the assignment of any other assets used in conjunction with the Studio, and Franchisor will not be required to pay any separate consideration for any such assignment or sublease.

If the parties cannot agree on fair market value within thirty (30) days of Franchisor's notice of intent to purchase, fair market value shall be determined by an experienced, professional and impartial ~~third party~~third-party appraiser without regard to goodwill or going concern value, designated by Franchisor and acceptable to Franchisee, whose determination shall be final and binding on both parties. The cost of such appraisal shall be borne equally by Franchisor and Franchisee. If the parties cannot agree upon an appraiser, one shall be appointed by the American Arbitration Association, upon petition of either party.

Franchisor shall have the right to withhold from the purchase price funds sufficient to pay all outstanding debts and liabilities of Franchisee and the Studio and to pay such debts and liabilities from such funds.

J. ~~J.~~ Termination, expiration or non-renewal of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies, which Franchisor may have against

Franchisee, whether under this Agreement or otherwise, for any reason whatsoever, whether such claims or rights arise before or after termination.

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

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

B. Franchisor and Franchisee agree that Franchisor will suffer compensable damages including, among others, the amount of the Royalty and Fund Contributions it would have received, and for which it bargained in entering into this Agreement, if Franchisee terminates this Agreement without cause or Franchisor terminates this Agreement because of Franchisee's breach (the "Lost Revenue Damages"), Franchisor and Franchisee acknowledge that, because Royalty and Fund Contributions are calculated as a percentage of the Studio's Gross Sales, it will be impossible to calculate Lost Revenue Damages once the Studio ceases operation. To bring certainty to that determination, Franchisor and Franchisee agree that Lost Revenue Damages will equal the net present value of: (1) the lesser of 36 or the number of calendar months remaining on the Term absent the termination, multiplied by (2) the sum of the Royalty and Fund Contribution percentages in effect as of the termination date, multiplied by (3) the average monthly Gross Sales of the Studio during the 24 full calendar months immediately preceding the termination date, minus (4) any cost savings Franchisor experienced as a result of the termination; provided, however, that if (i) as of the termination date, the Studio had not operated a full 24 calendar months, monthly average Gross Sales will equal the highest monthly Gross Sales achieved during the period in which it operated, and (ii) if the termination was based on Franchisee's unapproved closure of the Studio, average monthly Gross Sales would be based on the 24 full calendar months immediately preceding the closure of the Studio.

C. Franchisor and Franchisee acknowledge and agree that (a) their agreement on the calculation of Lost Revenue Damages is a reasonable determination of actual damages that will be suffered by Franchisor in the event of a termination as described above and is not a penalty, and (b) Lost Revenue Damages represent only lost Royalty and Fund Contributions, and the right to recover such damages is not exclusive of and does not replace any other rights Franchisor has under this Agreement or applicable law if this Agreement is terminated as described above, including the right to seek other damages it suffers as a result of a termination as described above or the events on which such termination was based.

~~B. As an alternative to Franchisor's exercising its rights under Section 15.4A, above, and only in the event of a premature termination of this Agreement, Franchisee shall pay Franchisor liquidated damages in an amount equal to: (i) the sum of the royalties paid to Franchisor over the greater of (A) the 36 calendar months wherein the franchised Studio was actively operating proceeding the termination date, or (B) if Franchisee's Studio has not been actively operating for 36 months then the months that Studio has had active in-Studio operations; or (ii) if Franchisee has failed to develop and open the franchised~~

~~Studio, 36 times the average royalty fee paid to Franchisor by System franchisees with actively operating franchised Studios over the 12-month period preceding the termination; provided, however exercise of this right shall not preclude Franchisor's right to seek injunctive relief as outlined in Section 16.5. Franchisee's payment to Franchisor would not be a penalty for breaching this Franchise Agreement, but rather a reasonable estimate of the losses Franchisor would incur in the event of the closure of Franchisee's franchised business. Should Franchisor elect to enforce its right to liquidated damages under this Section, Franchisee's obligation to pay such damages would be in addition to Franchisee's obligations to (i) pay all amounts still owed to Franchisor, and (ii) adhere to Franchisee's other post-termination obligations. Franchisor's right to payment of liquidated damages would be in addition to all other post-termination remedies available to Franchisor under the law.~~

~~**I have read Article 15, understand it, and agree to comply with each of its Sections.**~~ ~~**Your Initials: ___________ / ___________**~~

16. ~~16.~~ RESOLUTION OF DISPUTES

16.1 ~~16.1~~ **Governing Law.** This Agreement ~~shall be~~is governed by ~~and construed in accordance with~~ the laws of the ~~S~~state of California~~,~~ without reference to this state's conflict of laws principles~~.~~ ~~Notwithstanding the foregoing, the parties specifically agree and acknowledge that: (i) all claims, causes of actions or disputes related to Franchisee's~~ (subject to state law), except that: (i) any disputes or actions involving any non-competition covenants ~~not to compete~~ set forth in ~~Article 13 of~~ this Agreement or any other ~~F~~franchise ~~A~~agreement, including the interpretation~~, validity~~ and enforcement thereof, shall be governed by the law~~s~~ of the state where the ~~Development Area or~~ Studio~~, as applicable~~ is located; and (ii) ~~the~~any franchise-specific or franchise-applicable laws of California ~~regarding franchises including, without limitation, the California Franchise Investment Law ("CFIL"), California~~, including those related to pre-sale disclosure and the franchise relationship ~~act and corresponding regulations thereunder, shall~~generally, will not apply to this Agreement or ~~the Studio~~franchise awarded hereunder unless the awarding of said franchise meets all jurisdictional~~, definitional~~ and other requirements ~~set forth in such laws are fully met and satisfied independently and~~to specifically fall within the scope of such California laws, regulations or statutes without reference to ~~this Section~~and independent of any reference to this choice of law provision.

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

16.3 ~~16.3~~ **Mediation.** At Franchisor's option, all claims or disputes between Franchisee or its owners and Franchisor ~~(~~or its affiliates~~)~~ arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor (or its affiliates), or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section ~~16.1~~16.2 above, will be submitted first to mediation to take place at Franchisor's or, as applicable, Franchisor's successor's or assign's, then-current ~~corporate headquarters~~principal place of business (currently, Irvine, California) under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and Franchisor and Franchisee will share mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (a) any federally protected intellectual property rights in the Marks, the System, or in any Confidential Information or other confidential information; (b) any of the restrictive covenants contained in this Agreement; and (c) any of Franchisee's payment obligations under this Agreement.

16.4 ~~16.4~~ **Mandatory Binding Arbitration.** Except as provided in Section 16.5 of this Agreement, Franchisee and Franchisor agree that ~~any~~all claims, disputes, suits, actions, controvers~~y~~ies, or proceedings of any type whatsoever including any claim for equitable relief and/or where either party is acting as a "private attorney general," suing pursuant to a statutory claim or otherwise, between or involving Franchisee or any of its affiliates (and any of their respective owners, guarantors, affiliates, and employees), on the one hand, and Franchisor or any of its affiliates (and any of their its respective shareholders, officers, directors, agents, and employees), on the other hand, on whatever theory and/or facts based, and whether or not arising out of or related to: (i) this Agreement or any other agreement between Franchisee or any of its affiliates (and any of their respective owners, guarantors, affiliates, and employees) and Franchisor or any of its affiliates (and any of their respective shareholders, officers, directors, agents, and employees); (ii) Franchisor's relationship with Franchisee; (iii) the scope or validity of this Agreement or any other agreement between Franchisee or any of its affiliates (and any of their its respective owners, guarantors, affiliates, and employees) and Franchisor or any of its affiliates (and any of their respective shareholders, officers, directors, agents, and employees) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which Franchisor and Franchisee acknowledge is to be determined by an arbitrator, not a court); or (iv) any Performance Standard (each, a "Claim") will be processed in the following manner:

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

B. All Claims shall be submitted to and resolved by binding arbitration that will take place at Franchisor's ~~headquarters or~~or, as applicable, Franchisor's successor's or assign's, then-current principal place of business (currently, Irvine, California) or another location that Franchisor designates ~~in Orange County, California~~, before the AAA and in accordance with ~~the arbitration rules of the American Arbitration Association. Judgment upon the award rendered by the~~AAA's then-current Commercial Arbitration Rules. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any ~~C~~court ~~having~~of competent jurisdiction ~~thereof.~~. The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including, without limitation, money damages, pre- and post-award interest, interim costs and attorneys' fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by Franchisor or its affiliates generic or otherwise invalid.

C. ~~C.~~ Franchisor and Franchisee agree that any arbitration between Franchisor ~~and Franchisee shall be of Franchisee's individual claim and that the claim subject to arbitration shall not be arbitrated~~or any of its affiliates (and any of their respective shareholders, officers, directors, agents, and employees) and Franchisee or any of its affiliates (and any of their respective owners, guarantors, affiliates, and employees) may not be: (i) conducted on a class-wide basis~~.~~, (ii) commenced, conducted or consolidated with any other arbitration proceeding, (iii) joined with any separate claim of an unaffiliated third-party, or (iv) brought on Franchisee's behalf by any association or agent, with all rights to do any of the foregoing being hereby waived.

D. Franchisor and Franchisee agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. Franchisor and Franchisee further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisor or Franchisee.

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

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

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

16.5 ~~**16.5**~~ **Other Proceedings (Right to Injunctive Relief).** Franchisee acknowledges and agrees that irreparable harm could be caused to Franchisor by Franchisee's violation of certain provisions of this Agreement and, as such, ~~in addition to any other relief available at law or equity,~~nothing in this Agreement, including the provisions of Section 16.4, bars Franchisor's ~~shall be entitled~~right to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Franchisee's use of the Marks and Confidential Information (including any proprietary software used in connection with the Studio); (ii) the in-term covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement; (iii) Franchisee's obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Marks, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor's rights with respect to confidentiality under this Agreement; and (vi) the prohibition of any act or omission by Franchisee or its employees that constitutes a violation of applicable law, threatens Franchisor's franchise system or threatens other franchisees of Franchisor. Franchisee's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Franchisee waives all damage claims if the injunction is wrongfully issued.

16.6 ~~16.6~~ Choice of Forum.

A. Subject to the obligation to arbitrate under Section 16.4 above and the actions related to Section 16.5 above, Franchisor and Franchisee acknowledge and agree that any action brought by either party (or any of their respective affiliates, owners, agents, guarantors or employees) against the other (or any of their respective affiliates, owners, agents, guarantors or employees) for the purpose of enforcing the terms and provisions of this Agreement shall be instituted solely in a state or federal court nearest to Franchisor's or, as applicable, Franchisor's successor's or assign's, then-current principal place of business (currently, Irvine, California) and that Franchisee (and its respective affiliates, owners, agents, guarantors or employees) irrevocably waive any objection they may have to the exclusive jurisdiction of or the exclusive venue in such court.

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

B. ~~B.~~ If Franchisee (or any of its respective affiliates, owners, agents, guarantors or employees) institutes any arbitration or other legal proceedings in any venue or other court other than those specified, Franchisee shall assume all of Franchisor's costs in connection therewith, including, without limitation, reasonable attorney fees regardless of the outcome of such arbitration or legal proceedings.

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

16.7 ~~16.7~~ **Waiver of Punitive Damages.** Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the ~~t~~Term ~~of this Agreement~~ if it is terminated due to Franchisee's default, which the parties agree and acknowledge Franchisor may claim under this Agreement.

16.8 WAIVER OF JURY TRIAL.~~16.8 WAIVER OF JURY TRIAL.~~ THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN

THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.

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

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

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

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

C. Apart from the obligations ~~above~~ in ~~this~~ Sections 16.10.A and 16.10.B, Franchisee agrees and acknowledges that it will be responsible for the legal fees and other costs that Franchisor incurs in connection with certain modifications that Franchisor agrees to make to the Franchise Agreement, including without limitation, modifications made to address the following situations: (i) relocation; or (ii) any other amendment to extend a given performance deadline of Franchisee, modify the territory awarded hereunder, or otherwise modify, amend or supplement this Agreement in any way at the request of Franchisee or as necessary for Franchisee to avoid this Agreement being in default or subject to termination. Franchisor may set forth flat fee amounts designed to help defray the costs associated with addressing certain of the foregoing situations in the context of this Agreement or any other agreement with Franchisor, whether in the Manual~~s~~ or otherwise in a writing distributed to System franchisees.

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

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

16.13 ~~16.13~~ ~~Third Party~~Third-Party **Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in this ~~Section~~Article 16, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.

~~**I have read Article 16, understand it, and agree to comply with each of its Sections.**~~
~~**Your Initials:**~~ __________ / __________

17. ~~17.~~ MISCELLANEOUS PROVISIONS

17.1 **Severability.**~~17.1~~ ~~**Severability**. Except as provided in Section 13.3,~~ ~~e~~Each article, section, paragraph, term and provision of this Agreement, or any portion thereof, shall be considered severable and if, for any reason, any such portion of this Agreement is held by an arbitrator or by a court of competent jurisdiction to be unenforceable due to any applicable existing or future law or regulation, such portion shall not impair the operation of or have any effect upon, the remaining portions of this Agreement which will remain in full force and effect. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but~~,~~ each shall be cumulative of every other right or remedy.

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

The following provision applies if Franchisee or the franchise granted hereby are subject to the franchise registration or disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin: No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

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

~~**Shareholder, Partner, Member or Individual Name and Address**~~	~~**Percentage of Ownership Interest**~~
________________________________	_____________
________________________________	_____________
________________________________	_____________
________________________________	_____________

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

____

____

17.3 ~~**17.4**~~ **Franchisor's Discretion.** Except as otherwise specifically referenced herein, all acts, decisions, determinations, specifications, prescriptions, authorizations, approvals, consents and similar acts by Franchisor may be taken or exercised in the sole and absolute discretion of Franchisor, regardless of the impact upon Franchisee. Franchisee acknowledges and agrees that when Franchisor exercises its discretion or judgment, its decisions may be for the benefit of Franchisor or the System ~~franchise network~~ and may not be in the best interest of Franchisee as an individual franchise owner.

17.4 ~~**17.5**~~ **Notices.** ~~A.~~ All notices which the parties hereto may be required or permitted to give under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, postage paid, or by reliable overnight delivery service, addressed as follows:

If to Franchisor: Stride Franchise SPV, LLC
17877 Von Karman Ave., Suite 100
Irvine, CA 92614
Attention: President

If to Franchisee: At the Studio's address or, if the Studio has been permanently closed, to:

____

____

____

~~**If to Franchisor:**~~

~~Stride Franchise, LLC~~

~~17877 Von Karman Ave., Suite 100~~
~~Irvine, CA 92614~~
~~Attention: Jeff Stokes~~

~~**If to Franchisee:**~~

~~B.~~ ~~The addressees herein given for~~Except for Franchisor's right to send notices ~~may be~~to the Studio's address as indicated above, a party may change~~d~~ its notice address at any time by ~~either party by~~ written notice given to the other party as herein provided. Notices will be deemed delivered when actually delivered if delivered by ~~certified or registered mail shall be deemed to have been given~~hand, three (3) business days after postmark by the United States Postal Service if delivered by certified or registered mail, or the next business day after deposit with reliable overnight delivery service ~~or when~~if delivered ~~by hand~~in that manner.

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

Franchisee agrees that it will look only to Franchisor to perform under this Agreement. Franchisor's affiliates are not parties to this Agreement and have no obligations under it. Franchisee may not look to

Franchisor's affiliates for performance. Franchisee agrees that Franchisor's and its affiliates' members, managers, owners, directors, officers, employees and agents shall not be personally liable or named as a party in any action between Franchisor or its affiliates and Franchisee or its affiliates or their respective owners.

17.6 ~~17.7~~ **Non-Disparagement.** Franchisee agrees that it will ~~refrain from making~~not (and to use its best efforts to cause its current and former shareholders, members, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, affiliates, successors and assigns not to) (i) make any untrue or derogatory statements concerning Franchisor and its affiliates, as well as their present and former officers, employees, shareholders, directors, agents, attorneys, servants, representatives, successors and assigns~~.~~; or (ii) undertake any act which would (a) subject the Marks to ridicule, scandal, reproach, scorn, or indignity, (b) which would negatively impact the goodwill of Franchisor or its affiliates, the Marks, the System, or any other brands owned or controlled by Franchisor or its affiliates, or (c) constitute an act of moral turpitude.

17.7 **Security Interest.**~~**I have read Article 17, understand it, and agree to comply with each of its Sections.**~~

~~**Your Initials: ___________ / ________**~~

Franchisee hereby collaterally assigns to Franchisor the lease for the Authorized Location and grants Franchisor a security interest in all of the assets of the Studio, including but not limited to inventory, accounts, supplies, equipment, contracts, cash derived from the operation of the Studio and sale of other assets, and proceeds and products of all those assets. Franchisee agrees to execute such other documents as Franchisor may reasonably request in order to further document, perfect and record its security interest. If Franchisee defaults in any of its obligations under this Agreement, Franchisor may exercise all rights of a secured creditor granted to Franchisor by law, in addition to Franchisor's other rights under this Agreement and at law. If an approved third-party lender requires that Franchisor subordinate Franchisor's security interest in the assets of the Studio as a condition to lending Franchisee working capital for the construction or operation of the Studio, Franchisor will agree to subordinate pursuant to terms and conditions determined by Franchisor. This Agreement shall be deemed to be a Security Agreement and Financing Statement and may be filed for record as such in the records of any county and state that Franchisor deems appropriate to protect its interests.

18. ~~18.~~ ACKNOWLEDGMENTS

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

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

18.3 FRANCHISEE ACKNOWLEDGES THAT IT RECEIVED A COMPLETE COPY OF THIS AGREEMENT FOR A PERIOD NOT LESS THAN FOURTEEN (14) CALENDAR DAYS, DURING WHICH TIME FRANCHISEE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS LICENSED HEREUNDER TO THE EXTENT OF FRANCHISEE'S DESIRE TO DO SO.

FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, THAT FRANCHISEE WILL BE SUCCESSFUL IN THIS VENTURE OR THAT THE BUSINESS WILL ATTAIN ANY LEVEL OF SALES VOLUME, PROFITS, OR SUCCESS.

~~18.3 FRANCHISEE ACKNOWLEDGES THAT IT RECEIVED A COMPLETE COPY OF THIS AGREEMENT FOR A PERIOD NOT LESS THAN FOURTEEN (14) CALENDAR DAYS, DURING WHICH TIME FRANCHISEE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS LICENSED HEREUNDER TO THE EXTENT OF FRANCHISEE'S DESIRE TO DO SO. FRANCHISEE RECOGNIZES AND ACKNOWLEDGES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS, AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF THE FRANCHISEE AS AN INDEPENDENT BUSINESSPERSON. FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, THAT FRANCHISEE WILL BE SUCCESSFUL IN THIS VENTURE OR THAT THE BUSINESS WILL ATTAIN ANY LEVEL OF SALES VOLUME, PROFITS, OR SUCCESS. FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT, THE FRANCHISE DISCLOSURE DOCUMENT ("FDD"), AND THE EXHIBITS HERETO CONSTITUTE THE ENTIRE AGREEMENT OF THE PARTIES. THIS AGREEMENT TERMINATES AND SUPERSEDES ANY PRIOR AGREEMENT BETWEEN THE PARTIES CONCERNING THE SAME SUBJECT MATTER~~18.4 FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT, THE FRANCHISE DISCLOSURE DOCUMENT ("FDD"), AND THE EXHIBITS HERETO CONSTITUTE THE ENTIRE AGREEMENT OF THE PARTIES. THIS AGREEMENT TERMINATES AND SUPERSEDES ANY PRIOR AGREEMENT BETWEEN THE PARTIES CONCERNING THE SAME SUBJECT MATTER. FRANCHISEE REPRESENTS, WARRANTS AND ACKNOWLEDGES THAT IT HAS NOT RELIED ON ANY INFORMATION NOT SPECIFICALLY DISCLOSED IN THE FDD IN MAKING ITS DETERMINATION TO ENTER INTO THIS AGREEMENT.

18.5 FRANCHISEE AGREES AND ACKNOWLEDGES THAT FULFILLMENT OF ANY AND ALL OF FRANCHISOR'S OBLIGATIONS WRITTEN IN THIS AGREEMENT OR BASED ON ANY ORAL COMMUNICATIONS WHICH MAY BE RULED TO BE BINDING IN A COURT OF LAW SHALL BE FRANCHISOR'S SOLE RESPONSIBILITY AND NONE OF FRANCHISOR'S AGENTS, REPRESENTATIVES, NOR ANY INDIVIDUALS ASSOCIATED WITH FRANCHISOR SHALL BE PERSONALLY LIABLE TO FRANCHISEE FOR ANY REASON.

~~18.4 FRANCHISEE AGREES AND ACKNOWLEDGES THAT FULFILLMENT OF ANY AND ALL OF FRANCHISOR'S OBLIGATIONS WRITTEN IN THIS AGREEMENT OR BASED ON ANY ORAL COMMUNICATIONS WHICH MAY BE RULED TO BE BINDING IN A COURT OF LAW SHALL BE FRANCHISOR'S SOLE RESPONSIBILITY AND NONE OF FRANCHISOR'S AGENTS, REPRESENTATIVES, NOR ANY INDIVIDUALS ASSOCIATED WITH FRANCHISOR'S FRANCHISE COMPANY SHALL BE PERSONALLY LIABLE TO FRANCHISEE FOR ANY REASON. THIS IS AN IMPORTANT PART OF THIS AGREEMENT. FRANCHISEE AGREES THAT NOTHING THAT FRANCHISEE BELIEVES FRANCHISEE HAS BEEN TOLD BY FRANCHISOR OR FRANCHISOR'S REPRESENTATIVES SHALL BE BINDING UNLESS IT IS WRITTEN IN THIS AGREEMENT. THIS IS AN IMPORTANT PART OF THIS AGREEMENT. DO NOT SIGN THIS AGREEMENT IF THERE IS ANY QUESTION CONCERNING ITS CONTENTS OR ANY REPRESENTATIONS MADE.~~

~~I have read Article 18, understand it, and agree to comply with each of its Sections.~~
~~Your Initials: ___________ / __________~~

19. ~~19.~~ ENTIRE AGREEMENT

This Agreement, the documents referred to herein, and the exhibits hereto, constitute the entire and only agreement between the parties concerning the granting, awarding and licensing of Franchisee as an authorized ~~System~~Stride Studio franchisee at the Studio location, and supersede all prior and contemporaneous agreements. There are no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the parties other than those set forth herein. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. This Agreement does not alter agreements between Franchisor and Franchisee for other locations. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations Franchisor made in the FDD that Franchisor furnished to Franchisee. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Faxed, scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

~~***THE REST OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK SIGNATURES ON THE FOLLOWING PAGE***~~

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

~~**"FRANCHISOR"**~~

~~**"FRANCHISEE"**~~

STRIDE FRANCHISE SPV, LLC,
a Delaware limited liability company

By: ________________________________
Name: ______________________________
Title: _______________________________
EFFECTIVE DATE: __________________

"FRANCHISEE"

[if an individual]

____
[Name], individually

Sign: ______________________________
Date: ______________________________

[if a legal entity]

____
[Name], a [state/type]

By: ________________________________
Name: ______________________________
Title: _______________________________
Date: ______________________________

~~If Franchisee is an individual:~~

~~By:~~ ________________________

~~Signature:~~ ________________________

~~Date:~~ ________________________

~~Title:~~ ________________________

~~Signature:~~ ________________________

~~Accepted:~~ ________________________

~~Date:~~ ________________________

~~If Franchisee is a corporation or other entity:~~

____

~~[Name of Franchisee]~~

~~By:~~ ________________________________

~~Title:~~ ________________________________

~~Date:~~ ________________________________

~~By:~~ ________________________________

~~Title:~~ ________________________________

~~Date:~~ ________________________________

EXHIBIT 1
TO
FRANCHISE AGREEMENT

1. **Name and Address of Franchisee**:

Franchisee Name: ______________________________
Attention: ______________________________
Address: ______________________________
____
Email Address: ______________________________

2. **Form of Owner (check and complete one):**

___ Individual

___ Corporation ___ Limited Liability Company ___ Partnership

State Formed: ______________ Date: ______________

3. **Owners**. The following identifies the owner that Franchisee has designated as, and that Franchisor approves to be, the Operating Principal and lists the full name of each person who is one of Franchisee's owners (as defined in the Franchise Agreement), or an owner of one of Franchisee's owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	Owner's Name	**Type / %-age of Interest**
Operating Principal:	______________________	______________________%
Other Owners:	______________________	______________________%
	______________________	______________________%

4. **Designated Manager**: ____

5. **Authorized Location** (if determined on Effective Date): ______________________________
____

6. **Designated Territory** (if determined on Effective Date): ______________________________
____

7. **Designated Market Area** (if Authorized Location and Designated Territory undetermined as of Effective Date): ____

EXHIBIT ~~1~~ 2
TO
FRANCHISE AGREEMENT

AUTHORIZED LOCATION ADDENDUM

This Addendum is made to the Franchise Agreement (the "Franchise Agreement") between Stride Franchise SPV, LLC ("Franchisor"), and _________________________ ("Franchisee"), dated ___________________, 20__.

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

2. Authorized Location. The parties hereto agree that the Authorized Location referred to in Section ~~1.3~~1.1 of the Franchise Agreement shall be the following:

____.

3. Designated Territory, if any. Pursuant to Section ~~1.3~~1.2 of the Franchise Agreement, Franchisee's Designated Territory will be defined as follows (if identified on a map, please attach map and reference attachment below):

____
____
____

~~This Addendum is agreed to and accepted by the parties this ___ day of _________________, 20__.~~
ACKNOWLEDGED AND ACCEPTED:

"FRANCHISEE"

[if an individual]

~~**FRANCHISOR:**~~

~~By: ________________________________~~

~~Title: ______________________________~~

~~**FRANCHISEE:**~~

~~By: ________________________________~~

~~Title: ________________________________~~

~~By: ________________________________~~

~~Title: ________________________________~~

~~EXHIBIT 2 TO THE~~

~~FRANCHISE AGREEMENT~~____________

~~ELECTRONIC FUNDS TRANSFER AGREEMENT~~

[Name], individually

~~This Electronic Funds Transfer Agreement (the "Agreement") is made on this ___day of __________________________, 20__ by and between Stride Franchise, LLC. ("Franchisor"), and ____________________________ or their assignee, if a partnership, corporation or limited liability company is later formed ("Franchisee").~~

Sign: ________________________________

Date: ________________________________

~~Whereas, Franchisor and Franchisee are parties to a Franchise Agreement executed on even date herewith (the "Franchise Agreement") and desire to enter into an Addendum to the Franchise Agreement;~~

[if a legal entity]

~~Now, therefore in consideration of the mutual promises contained herein and as an inducement to Franchisor to execute the Franchise Agreement, the parties agree as follows:~~

____

[Name], a [state/type]

~~A. Franchisee shall pay any and all fees and other charges in connection with this Addendum and the Franchise Agreement (including, without limitation, the Royalty Fees, contributions to the Fund and any other payments due to Franchisor by Franchisee, and any applicable late fees and interest charges) by electronic, computer, wire, automated transfer, ACH debiting, and bank clearing services (collectively "electronic funds transfers" or "EFT"), and Franchisee shall undertake all action necessary to accomplish such transfers.~~

By: ________________________________

Name: ______________________________

Title: _______________________________

Date: _______________________________

~~B. Upon execution and delivery of this Agreement, Franchisee shall execute and deliver two (2) originals of the "Electronic Debit Authorization" attached as Exhibit 3 to the Franchise Agreement, which authorizes Franchisee's bank or other financial institution to accept debit originations, electronic debit entries, or other EFT, and electronically deposit fees and contributions owing Franchisor directly to Franchisor's bank account(s). Upon Franchisor's request, Franchisee shall deliver to Franchisor all additional information that Franchisor deems necessary (including, without limitation, financial institution of origin and relevant accounts and ABA/transit numbers for any new bank accounts that Franchisee opens after the date of this Addendum) in connection with such EFT.~~

~~C. By executing this Addendum, Franchisee authorizes Franchisor to withdraw funds at such days and times as Franchisor shall determine via EFT from Franchisee's bank account for all fees and other charges in connection with the Franchise Agreement and this Addendum, as described in the first sentence of this paragraph. Franchisee authorizes weekly ACH debits via EFT based on an amount equal to the total weekly amount due Franchisor, as set forth in Section 5 of the Franchise Agreement.~~

~~D. Franchisee is responsible for paying all service charges and other fees imposed or otherwise resulting from action by Franchisee's bank in connection with EFT by Franchisor, including, without limitation, any and all service charges and other fees arising in connection with any EFT by Franchisor not being honored or processed by Franchisee's bank for any reason and a Fifty Dollar ($50) charge by Franchisor for processing the EFT. Upon written notice by Franchisor to Franchisee, Franchisee may be required to pay any amount(s) due under the Franchise Agreement and/or this Addendum directly to Franchisor by check or other non-electronic means in lieu of EFT at Franchisor's discretion. It shall be a non-curable event of default under Article 15 of the Franchise Agreement if Franchisee closes any bank account without completing all of the following forthwith after such closing: (1) immediately notifying Franchisor thereof in writing, (2) immediately establishing another bank account, and (3) executing and delivering to Franchisor all documents necessary for Franchisor to begin and continue making withdrawals from such bank account by EFT as this Addendum permits.~~

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

~~**WHEREFORE, THE PARTIES HAVE SET FORTH THEIR HAND AND SEAL ON THE DAY AND DATE FIRST ABOVE WRITTEN.**~~

~~**FRANCHISOR:**~~

~~By:~~ ______________________________

~~Title:~~ ______________________________

~~**FRANCHISEE:**~~

~~By:~~ ______________________________

~~Title:~~ ______________________________

~~By:~~ ______________________________

~~Title:~~ ______________________________

EXHIBIT 3 ~~TO THE~~
TO
FRANCHISE AGREEMENT

~~**ELECTRONIC DEBIT AUTHORIZATION**~~

~~FRANCHISOR: Stride Franchise, LLC~~
~~FRANCHISOR ID NUMBER:~~ ______________________________

~~The undersigned hereby authorizes Stride Franchise, LLC (the "Franchisor"), to initiate debit entries to the undersigned's checking account indicated below and the depository named below (the "Depository"), to debit the same to such account.~~

~~Depository Name:~~ ______________________________

~~Branch:~~ ______________________________

~~City State and Zip Code:~~ ______________________________

____

~~Transit/ABA No.:~~ ______________________________

~~Account Number:~~ ______________________________

~~This authority is to remain in full force and effect until the underlying obligations under the Franchise Agreement have been satisfied in full or released in writing by Franchisor.~~

~~This authorization further confirms my understanding of Exhibit to the Franchise Agreement signed by me/us in which I/we expressly agree that this authorization shall apply to any and all Depositories and bank accounts with which I/we open accounts during the term of the Franchisee Agreement and any renewals. Without limiting the generality of the forgoing, I/we understand that if I/we close any bank account, I/we are obligated immediately to: (i) notify Franchisor thereof in writing, (ii) establish another bank account, and (iii) execute and deliver to Franchisor all documents necessary for Franchisor to begin and continue making withdrawals from such bank account/depository by ACH debiting or other electronic means. I/we specifically agree and declare that this Authorization shall be the only written authorization needed from me/us in order to initiate debit entries/ACH debit originations to my/our bank account(s) established with any Depository in the future.~~

~~DATE:~~ ______________________________

~~ID NUMBER:~~ ______________________________

~~PRINT NAME(S):~~ ~~SIGNATURE(S):~~

______________________________ ______________________________

______________________________ ______________________________

~~**EXHIBIT 4 TO THE**~~
~~**FRANCHISE AGREEMENT**~~

GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGEMENT

For value received, and in consideration for, and as an inducement to Stride Franchise SPV, LLC (the “Franchisor”) to execute the Franchise Agreement (the “Franchise Agreement”), ~~of even~~ dated ~~herewith~~ __ ______________, 20__ (the “Effective Date”), by and between Franchisor and ________________________ or his assignee, if a partnership, corporation or limited liability company is later formed (the “Franchisee”), ~~________________________________ (the~~the undersigned (each a “Guarantor~~(s)~~”), jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns the full and timely performance by Franchisee of each obligation undertaken by Franchisee under the terms of the Franchise Agreement~~, including all of Franchisee’s monetary obligations arising under or by virtue of the Franchise Agreement~~.

Upon demand by Franchisor, Guarantor~~(s)~~ will immediately make each payment required of Franchisee under the Franchise Agreement. Guarantor~~(s)~~ hereby waives any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Franchise Agreement; (b) proceed against or exhaust any security from Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee. Without affecting the obligations of Guarantor~~(s)~~ under this Guarantee, Indemnification and Acknowledgment (the “Guarantee”), Franchisor may, without notice to Guarantor~~(s)~~, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims against Franchisee.

Guarantor~~(s)~~ waives notice of amendment of the Franchise Agreement and notice of demand for payment by Franchisee~~,~~ and agrees to be bound by any and all such amendments and changes to the Franchise Agreement.

Guarantor~~(s)~~ hereby agrees to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, without limitation, reasonable attorneys’ fees, reasonable costs of investigations, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Franchise Agreement, any amendment, or any other agreement executed by Franchisee referred to therein.

Guarantor~~(s)~~ hereby acknowledges and agrees to be individually bound by all obligations and covenants of Franchisee contained in the Franchise Agreement, including those related to non-competition and confidentiality.

If Guarantor is a business entity, retirement or investment account, or trust acknowledges and it agrees that if Franchisee (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor’s account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.

This Guarantee shall terminate upon the expiration or termination of the Franchise Agreement, except that this Guarantee shall continue in full force and effect with respect to all obligations and liabilities of Franchisee and Guarantor~~(s)~~ that arise from events that occurred on or before the effective date of such ~~termination shall remain in full force and effect until satisfied or discharged by Guarantor(s), and all covenants that by their terms continue in force after~~expiration or termination or that are triggered by or survive expiration or termination of the Franchise Agreement ~~shall remain in force according to their terms. Upon the death of an individual Guarantor, the estate of such Guarantor will be bound by this Guarantee, but only for defaults and obligations existing at the time of death, and the obligations of the other Guarantor(s) will continue in full force and effect.~~This Guarantee is binding upon each Guarantor and its respective estate, executors, administrators, heirs, beneficiaries, and successors in interest.

The validity of this Guarantee and the obligations of Guarantor(s) hereunder shall in no way be terminated, restricted, diminished, affected or impaired by reason of any action that Franchisor might take or be forced to take against Franchisee, or by reason of any waiver or failure to enforce any of the rights or remedies reserved to Franchisor in the Franchise Agreement or otherwise.

The use of the singular herein shall include the plural. Each term used in this Guarantee, unless otherwise defined herein, shall have the same meaning as when used in the Franchise Agreement.

The provisions contained in Article 16 of the Franchise Agreement (Resolution of Disputes), including Section 16.1 (Governing Law), Section 16.3 (Mediation), Section 16.4 (Mandatory Binding Arbitration), Section 16.6 (Choice of Forum), and Section 16.10 (Attorneys' Fees and Costs) are incorporated into this Guarantee by reference and shall govern this Guarantee and any disputes between the Guarantors and Franchisor. The Guarantors shall reimburse Franchisor for all costs and expenses it incurs in connection with enforcing the terms of this Guarantee.

~~This Guarantee is to be performed in Orange County, California and shall be governed by and construed in accordance with the laws of the State of California. Notwithstanding the foregoing, the undersigned specifically agree and acknowledge that any claims, causes of action or disputes arising out of or related to Franchisee's or any of Guarantor's covenants not to compete (set forth in the Franchise Agreement and now incorporated by reference as if fully set forth in this Guaranty), including the interpretation, validity and enforcement thereof, shall be governed by the laws where the Studio` is located. Guarantor(s) specifically agree that the provision of the Franchise Agreement related to dispute resolution (internal dispute resolution, non-binding mediation and arbitration), injunctive relief, waivers, attorneys' fees and other enforcement of the Franchise Agreement shall apply equally with respect to all claims or causes of action arising out of or related to this Guaranty in any manner (including the interpretation thereof). Franchisor and Guarantor(s) agree that any dispute under this Guarantee shall be resolved by arbitration as set forth in the Franchise Agreement (subject to the exceptions described therein).~~

~~In connection therewith, each of the undersigned hereby appoints the Secretary of State for the State of California as his agent for service of process to receive summons issued by the court in connection with any such litigation. Franchisor and Guarantor(s) agree that any dispute under this Guarantee shall be resolved by arbitration pursuant to Article 16 of the Franchise Agreement (except as otherwise provided in Article 16 of the Franchise Agreement).~~

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the Effective ~~d~~Date ~~of the Franchise Agreement~~.

GUARANTORS
~~**WITNESS:**~~ ~~**GUARANTOR**~~Area Developer (~~**S**~~if applicable): [Name of Developer] By: ______________________________ Name: ____________________________ Title: _____________________________ Address: ____

OWNER/GUARANTOR	~~By:~~ **SPOUSE/GUARANTOR**
Name: ____ Sign: ____ Address: ____ ____ ____	Name: ____ Sign: ____ Address: ____ ____ ____
Name**:** ____ Sign: ____ Address: ____ ____ ____	Name**:** ____ Sign: ____ ~~By:~~ Address: ____ ____ ____

EXHIBIT ~~5~~ 4
TO ~~THE~~
FRANCHISE AGREEMENT

ADDENDUM TO LEASE

This Addendum to Lease (this "Addendum") modifies and supplements that certain lease dated ____________________________ ~~and entered into by Tenant and Landlord concerning the Location at ____ (the "Lease")~~, 20___ (the "Lease"), by and between Tenant and Landlord concerning the premises located at ____ (the "Premises").

Landlord and Tenant, intending that Stride Franchise SPV, LLC, a Delaware limited liability company, ("Franchisor") (and its successors and assigns) be a third-party beneficiary of this Addendum, agree as follows:

~~(1) Landlord shall, during the term of the Lease and thereafter, provide Franchisor all sales and other information it may have, whether provided by Tenant or otherwise, related to the operation of Tenant's Studio as Franchisor may reasonably request;~~

~~(2)~~ (1) Tenant may display the trademarks, service marks and other commercial symbols owned by Franchisor and used to identify the service and/or products offered at the Studio, including the name "~~STRIDE,~~Stride" the Studio design and image developed and owned by Franchisor, as it currently exists and as it may be revised and further developed by Franchisor from time to time, and certain associated logos in accordance with the specifications required by ~~the~~ Franchisor~~'s operations manual and other manuals (collectively, the "Manual")~~, subject only to the provisions of applicable law and in accordance with provisions in the Lease no less favorable than those applied to other tenants of Landlord;

~~(3)~~ (2) Tenant shall not, and the Landlord shall not permit ~~the t~~Tenant to, sublease or assign all or any part of the Lease or the Premises, or extend the term or renew the Lease, without Franchisor's prior written consent;

~~(4)~~ (3) Landlord shall concurrently provide Franchisor with a copy of any written default notice sent to Tenant and thereupon grant Franchisor the right (but not the obligation) to cure any deficiency or default under the Lease, should Tenant fail to do so, within five (5) days after the expiration of the period in which Tenant may cure the default;

~~(5)~~ (4) The Premises shall be used only for the operation of a Stride Studio;

~~(6)~~ (5) Tenant may, without Landlord's consent (but subject to providing Landlord with written notice thereof), at any time assign this Lease or sublease the whole or any part of the Premises to Franchisor or any successor, subsidiary or affiliate of Franchisor;

~~(7)~~ (6) In the event of an assignment of the Lease to Franchisor as described in (6) above, Franchisor may further assign this Lease, subject to Landlord's consent, such consent not to be unreasonably withheld based on the remaining obligations of assignee under the Lease, to a duly authorized franchisee of Franchisor, and thereupon Franchisor shall be released from ~~any~~all further liability under the Lease;

(7) Franchisor, and its designated agents, will have the right to enter the Premises to make any modifications necessary to protect the Stride brand and franchise system;

(8) Tenant agrees that Landlord may, upon Franchisor's request, disclose all reports, information, and data in Landlord's possession with respect to sales made in, upon, or from the Premises, to Franchisor;

~~(8)~~ (9) Until changed by Franchisor, notice to Franchisor shall be sent as follows:

Stride Franchise SPV, LLC
17877 Von Karman Ave~~.~~, Suite 100
Irvine, CA 92614
Attn: ~~[AUTHORIZED OFFICER NAME AND TITLE]~~Head of Real Estate

(10) Landlord acknowledges that Tenant's operations at the Premises are independently owned and operated, and that Tenant alone is responsible for all obligations under the Lease, unless and until, Franchisor (or its affiliate or designee) expressly assumes such obligations in writing signed by an officer of Franchisor (or its applicable affiliate or designee);

(11) Any lien of Landlord in Tenant's trade fixtures, "trade dress," signage and other property at the Premises is hereby subordinated to Franchisor's interest in such items;

~~(9)~~ (12) None of the provisions in this Addendum or any rights granted Franchisor hereunder, may be amended absent Franchisor's prior written consent.

AGREED:

TENANT	LANDLORD
By: ______________________	By: ______________________
Its: ______________________	Its: ______________________
Date: ______________________	Date: ______________________

EXHIBIT A-2

NON-TRADITIONAL SITE ADDENDUM TO FRANCHISE AGREEMENT

<u>NON-TRADITIONAL SITE ADDENDUM TO FRANCHISE AGREEMENT</u>

This Non-Traditional site Addendum to Franchise Agreement (the "Addendum") is made and entered into by and between Stride Franchise SPV, LLC, a Delaware limited liability company ("Franchisor"); and ____, a ______________________ ("Franchisee"). Capitalized terms not defined in this Addendum have the meanings set forth in the Franchise Agreement (as defined below).

<u>RECITALS</u>

A. Contemporaneous with the execution of this Addendum, Franchisor and Franchisee entered into that certain Franchise Agreement (the "Franchise Agreement"), pursuant to which Franchisee was awarded the right, and undertook the obligation, to own and operate a Studio at the Authorized Location. The Authorized Location at which Franchisee has chosen to develop and operate the Studio is not a traditional location from which Studios typically operate and, thus, requires adaptation of certain System Standards.

B. The parties wish to amend certain terms of the Franchise Agreement to recognize and accommodate the non-traditional nature of the Authorized Location.

<u>AGREEMENT</u>

FOR AND IN CONSIDERATION of the foregoing Recitals (which are incorporated in and made a part of this Addendum), the covenants contained herein, and other valuable consideration, receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **<u>Non-Traditional Site</u>**. Section 1.2 of the Franchise Agreement (Site Approval Process) is supplemented and amended by adding the following to the end of the Section:

> The Authorized Location is situated within or adjacent to a host facility ("Host Facility") located at the address identified on <u>Exhibit A</u> hereto. If the placement and operation of the Studio in or in connection with the Host Facility requires the consent of the owner or operator of the Host Facility, Franchisee hereby agrees to obtain such consent in writing (and provide a copy thereof to Franchisor), and Franchisee also acknowledges and agrees that such consent is a condition precedent to Franchisor's approval of the Authorized Location in accordance with the Franchise Agreement. Franchisee acknowledges and agrees that the Authorized Location is strictly limited to the physical area within the Host Facility occupied by the Studio, which area will be used solely for the operation of the Studio. During the Term, Franchisee may not relocate the "Authorized Location" (i) within the Host Facility, or (ii) to another location and/or facility, without Franchisor's written approval.

2. **<u>System Standards</u>**. Section 2.2(E) of the Franchise Agreement is supplemented and amended by adding the following to the end of the Section:

> Franchisee acknowledges and agrees that Franchisor may, in its discretion, modify its System Standards for the Studio to accommodate the specific circumstances inherent in the Authorized Location (including the products and services that may offered for sale therefrom, the appearance of the Studio, the equipment, furniture, or fixtures that are used therein, and the hours of operation), and that such modifications may not apply to Studios at traditional locations or other non-traditional

locations. Franchisee agrees to comply with all such modifications that Franchisor communicates to it in writing.

3. **Initial Franchise Fee**. The parties acknowledge and agree that, since Franchisor and Franchisee (or, if applicable, its affiliate) are parties to an effective franchise agreement (not including the Franchise Agreement) that comprises a designated territory in which the Authorized Location resides, the Initial Franchise Fee provided in Section 5.1 is hereby waived.]

4. **Termination**. In addition to any of Franchisor's termination rights set forth in Section 15 of the Franchise Agreement, Franchisor may immediately terminate the Franchise Agreement upon written notice and without any opportunity for cure if:

(i) the Host Facility engages in any conduct which, in Franchisor's opinion, adversely affects the reputation of the Studio or the goodwill associated with the Marks;

(ii) the Host Facility materially reduces the size or configuration of the Authorized Location, the business conducted by the Host Facility materially changes, or the Host Facility requires that Franchisee materially change the manner or location within the Host Facility in which the Studio is operated;

(iii) the Host Facility violates any law, ordinance, rule or regulation of a governmental agency in connection with the operation of the Studio; or

(iv) the Host Facility creates or allows to exist any condition in or at the Authorized Location or the Host Facility, or otherwise in connection with the operation of the Studio, which Franchisor reasonably determines to present a health or safety concern for the Studio customers or employees.

5. **Assumption of Management**. Section 15.4(A) of the Franchise Agreement is supplemented and amended by adding the following to the end of the Section:

Franchisor acknowledges that its ability to exercise its rights under this Section may be prohibited or restricted by the Host Facility, but Franchisee agrees to cooperate with Franchisor to secure the Host Facility's permission to allow Franchisor to assume management of the Studio if Franchisor exercise its rights under this Section.

6. **Miscellaneous.** This Addendum forms an integral part of the Franchise Agreement. The Franchise Agreement shall be amended only as described herein. All other provisions of the Franchise Agreement shall remain in full force and effect as provided therein. In the event of a conflict between the terms of the Franchise Agreement and this Addendum, the terms of this Addendum shall control. Except as amended by this Addendum, all the other terms and conditions of the Franchise Agreement are hereby ratified and confirmed, including the provisions related to governing law, attorneys' fees and costs, venue and dispute resolution, all of which will also apply to any claims, causes of action or disputes arising out of or related to this Addendum. This Addendum may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Faxed, scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Addendum on the dates set forth below to be effective as of the Effective Date of the Franchise Agreement.

STRIDE FRANCHISE SPV, LLC,
a Delaware limited liability company

By: ___________________________________
Name: _________________________________
Title: _________________________________
Date: _________________________________

"FRANCHISEE"

[if an individual]

____
[Name], individually

Sign: _________________________________
Date: _________________________________

[if a legal entity]

____
[Name], a [state/type]

By: ___________________________________
Name: _________________________________
Title: _________________________________
Date: _________________________________

~~Exhibit~~EXHIBIT B

~~To Franchise Disclosure Document~~

~~LIST OF~~ STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

~~AND STATE ADMINISTRATORS~~

~~LIST OF~~ STATE ~~ADMINISTRATORS AND~~ AGENCIES/AGENTS FOR SERVICE OF PROCESS

~~**CALIFORNIA**~~

~~Commissioner of Financial Protection and Innovation~~

~~One Sansome Street~~

~~Suite 600~~

~~San Francisco, CA 94104~~

~~Tel: (415) 972-8559~~

~~Fax: (415) 972-8590~~

~~Toll Free: (866) 275-2677~~

~~**CONNECTICUT**~~

~~Department of Banking~~

~~Securities and Business Investments Division~~

~~260 Constitution Plaza~~

~~Hartford, Connecticut 06103-1800~~

~~Tel: (860) 240-8230~~

~~**FLORIDA**~~

~~Tom Kenny, Regulatory Consultant~~

~~Department of Agriculture & Consumer Services~~

~~Division of Consumer Services~~

~~P.O. Box 6700~~

~~Tallahassee, Florida 32314~~

~~Tel: (850) 488-2221~~

~~Fax: (850) 410-3804~~

~~**HAWAII**~~

~~(for service of process)~~

~~**ILLINOIS**~~

~~Franchise Bureau~~

~~Illinois Attorney General~~

~~500 South Second Street~~

~~Springfield, Illinois 62706~~

~~(217) 782-4465~~

~~**INDIANA**~~

~~(for service of process)~~

~~Indiana Secretary of State~~

~~201 State House~~

~~Indianapolis, Indiana 46204~~

~~(state agency)~~

~~Securities Commissioner~~

~~Indiana Secretary of State~~

~~Securities Division, Franchise Section~~

~~302 West Washington Street,~~

~~Room E-111~~

~~Indianapolis, Indiana 46204~~

~~Tel: (317) 232-6681~~

~~**IOWA**~~

~~Dennis Britson~~

~~Director of Regulated Industries Unit~~

~~Iowa Securities Bureau~~

~~340 Maple~~

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

~~(state agency)~~
~~Department of Commerce &~~
~~Consumer Affairs~~
~~King Kalakaua Building~~
~~335 Merchant Street, Rm 203~~
~~Honolulu, Hawaii 96813~~
~~Tel: (808)586-2722~~
~~Fax: (808) 587-7559~~

~~Des Moines, Iowa 50319-0066~~
~~Tel: (515) 281-4441~~
~~Fax: (515) 281-3059~~
~~email: iowasec@iid.state.ia.us~~

~~MARYLAND~~
~~(for service of process)~~
~~Maryland Securities Commissioner~~
~~Division of Securities~~
~~200 St. Paul Place~~
~~Baltimore, Maryland 21202-2020~~

~~(state agency)~~
~~Office of the Attorney General~~
~~Division of Securities~~
~~200 St. Paul Place~~
~~Baltimore, Maryland 21202-2020~~
~~Tel: (410) 576-6360~~

~~MICHIGAN~~
~~(for service of process)~~
~~Michigan Department of Consumer and Industry Services~~
~~Bureau of Commercial Services~~
~~Corporations Division~~
~~PO Box 30054~~

~~NEW YORK~~
~~(state agency)~~
~~NYS Department of Law~~
~~Investor Protection Bureau~~
~~28 Liberty Street, 21st Floor~~
~~New York, NY 10005~~

~~Lansing, Michigan 48909~~

~~Tel: (517) 241-6470~~

~~**MICHIGAN**~~

~~(state agency)~~

~~Department of the Attorney General~~

~~Consumer Protection Division~~

~~Antitrust and Franchise Section~~

~~670 Law Building~~

~~Lansing, MI 48913~~

~~Tel: (517) 373-7117~~

~~**MINNESOTA**~~

~~Commissioner of Commerce~~

~~85 Seventh Place East, Suite 280~~

~~St. Paul, MN 55101-2198~~

~~Tel: (651) 539-1600~~

~~**NEBRASKA**~~

~~Gene Schenkelberg, Securities Analyst~~

~~Department of Banking & Finance~~

~~1200 N. Street, Suite 311~~

~~P.O. Box 95006~~

~~Lincoln, Nebraska 68509~~

~~Tel: (402) 417-3445~~

~~**NEW YORK**~~

~~(for service of process)~~

~~Attention: New York Secretary of State~~

~~(212) 416-8236 Phone~~

~~(212) 416-6042 Fax~~

~~**NORTH DAKOTA**~~

~~(for service of process)~~

~~North Dakota Securities Commissioner~~

~~North Dakota Securities Department~~

~~600 East Boulevard, 5th Floor~~

~~Bismarck, North Dakota 58505-0510~~

~~(state agency)~~

~~North Dakota Securities Department~~

~~600 East Boulevard, 5th Floor~~

~~Bismarck, North Dakota 58505-0510~~

~~Tel: (701) 328-2910~~

~~**OREGON**~~

~~Director, Department of Consumer &~~

~~Business Services~~

~~Division of Finance & Corporate Securities~~

~~Labor and Industries Building~~

~~Salem, Oregon 97310~~

~~Tel: (503) 378-4140~~

~~Fax: (503) 947-7862~~

~~Email: dcbs.dfcsmail@state.or.us~~

~~**RHODE ISLAND**~~

~~Director~~

~~Securities Division~~

~~New York Department of State~~

~~One Commerce Plaza,~~

~~99 Washington Avenue, 6th Floor~~

~~Albany, NY 12231-0001~~

~~(518) 473-2492~~

~~**TEXAS**~~

~~Statutory Document Section~~

~~Secretary of State~~

~~1719 Brazos~~

~~Austin, Texas 78701~~

~~Attn: Dorothy Wilson~~

~~Tel: (512) 475-1769~~

~~**UTAH**~~

~~Director, Division of Consumer Protection~~

~~Utah Dept. of Commerce~~

~~160 East Three Hundred South~~

~~SM Box 146704~~

~~Salt Lake City, Utah 84114-6704~~

~~Tel: (801) 530-6601~~

~~Fax: (801) 530-6001~~

~~**VIRGINIA**~~

~~(for service of process)~~

~~Clerk of the State Corporation Commission~~

~~Department of Business Regulation,~~
~~Building 69, First Floor~~
~~John O. Pastore Center~~
~~1511 Pontiac Avenue,~~
~~Cranston, Rhode Island 02920~~
~~Tel: (401) 462 9582~~

~~**SOUTH DAKOTA**~~

~~Division of Insurance~~

~~Securities Regulation~~

~~124 S. Euclid, Suite 104~~

~~Pierre, South Dakota 57501~~

~~(605) 773-3563~~

~~**WASHINGTON**~~

~~(state agency)~~

~~Administrator~~

~~Department of Financial Institutions~~

~~Securities Division~~

~~P.O. Box 9033~~

~~Olympia, Washington 98507-9033~~

~~Tel: (360) 902-8760~~

~~Fax: (360) 902-0524~~

~~**WISCONSIN**~~

~~Commissioner of Securities~~

~~Department of Financial Institutions~~

~~P.O. Box 1768~~

~~Madison, Wisconsin 53701-1768~~

~~1300 East Main Street, 1st Floor~~ ~~Tel: (608) 266-2801~~

~~Richmond, Virginia 23219~~

~~(state agency)~~

~~Director~~

~~State Corporation Commission~~

~~Division of Securities and Retail Franchising~~

~~1300 East Main Street, 9th Floor~~

~~Richmond, Virginia 23219~~

~~Tel: (804) 371-9051~~

~~**WASHINGTON**~~

~~(for service of process)~~

~~Administrator~~

~~Department of Financial Institutions~~

~~Securities Division~~

~~150 Israel Road SW~~

~~Tumwater, Washington 98501~~

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

CALIFORNIA 1 (866) 275-2677

Department of Financial Protection & Innovation
Commissioner of Financial Protection & Innovation

Los Angeles

320 West 4th Street, Suite 750

Los Angeles, California 90013
(213) 576-7505

Sacramento

2101 Arena Blvd.
Sacramento, California 95834
(916) 445-7205

San Diego

1350 Front Street
San Diego, California 92101
(619) 525-4044

San Francisco

One Sansome Street, Ste. 600
San Francisco, California 94104
(415) 972-8559

HAWAII

(state administrator)

Business Registration Division
Securities Compliance Branch
Department of Commerce and Consumer Affairs
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2722

(agent for service of process)

Commissioner of Securities of the
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

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

INDIANA

(state administrator)

Indiana Secretary of State
Securities Division, E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

(agent for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

MARYLAND

(state administrator)

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(agent for service of process)

Maryland Securities Commissioner
at the Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

(state administrator)

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 373-7177

(agent for service of process)

Michigan Department of Commerce,
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

MINNESOTA

(state administrator)

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

(agent for service of process)

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

NEW YORK

(state administrator)

Office of the New York State Attorney General
Investor Protection Bureau
Franchise Section
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8236

(agent for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

NORTH DAKOTA

(state administrator)

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

(agent for service of process)

Securities Commissioner
600 East Boulevard Avenue
State Capitol - Fifth Floor
Bismarck, North Dakota 58505
(701) 328-4712

OREGON

Department of Business Services Division of Finance & Corporate Securities
350 Winter Street, NE, Room 410
Salem, Oregon 97310-3881
(503) 378-4387

RHODE ISLAND

Department of Business Regulation
Division of Securities
John O. Pastore Complex Building 69-1
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9645

SOUTH DAKOTA

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

VIRGINIA

(state administrator)

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

(agent for service of process)

Clerk, State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON

(state administrator)

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

(agent for service of process)

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

WISCONSIN

(state administrator)

Securities and Franchise Registration
Wisconsin Department of Financial Institutions
4022 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-1064

(agent for service of process)

Office of the Secretary
Wisconsin Department of Financial Institutions
P.O. Box 8861
Madison, Wisconsin 53708-8861
(608) 261-9555

~~Exhibit C-1~~
~~To Franchise Disclosure Document~~

EXHIBIT C

FINANCIAL STATEMENTS

Deloitte.

Deloitte & Touche LLP
695 Town Center Drive
Suite 1000
Costa Mesa, CA 92626
USA

Tel:+1 714 436 7100
Fax:+1 714 436 7200
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

To the Member of XPOF Assetco, LLC:

Opinion

We have audited the consolidated balance sheet of XPOF Assetco, LLC and its subsidiaries (the "Company") as of March 15, 2023, and the related notes (the "financial statement").

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of the Company as of March 15, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 Statement

Management is responsible for the preparation and fair presentation of the financial statement 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 the financial statement that is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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 statement, 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 statement.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Deloitte & Touche LLP

March 31, 2023

XPOF ASSETCO, LLC
CONSOLIDATED BALANCE SHEET
AS OF MARCH 15, 2023
(amounts in thousands)

Assets		
Current Assets:		
Cash	$	8,000
Total current assets		8,000
Property and equipment, net		8,910
Intangible assets		90,812
Total assets	$	107,722
Liabilities and Equity		
Liabilities:		
Liabilities	$	-
Total liabilities		-
Member's equity:		
Member's contribution		107,722
Total member's equity		107,722
Total liabilities and equity	$	107,722

See accompanying notes.

XPOF ASSETCO, LLC
CONSOLIDATED BALANCE SHEET
AS OF MARCH 15, 2023
(amounts in thousands)

Note 1 – Organization and Description of Business

XPOF ASSETCO, LLC (the "Company"), a Delaware limited liability company (LLC), was formed on March 6, 2023. The single member of the Company is Xponential Fitness LLC, a Delaware limited liability company (the "Member"). The Company is the direct parent and sole member of Club Pilates Franchise SPV, LLC, CycleBar Franchising SPV, LLC, Stretch Lab Franchise SPV, LLC, Row House Franchise SPV, LLC, Yoga Six Franchise SPV, LLC, AKT Franchise SPV, LLC, PB Franchising SPV, LLC, Rumble Franchise SPV, LLC and BFT Franchise SPV, LLC, (together "Subsidiaries") each a Delaware limited liability corporation. The Company was formed in connection with a contemplated reorganization of Xponential Fitness LLC's structure. There were no operations of the Company prior to March 15, 2023.

The Member contributed $8,000 in cash, $8,910 in property and equipment and $90,812 in intangible assets as of March 15, 2023. The majority of the intangible assets contributed consist of trademarks related to Club Pilates, CycleBar and Pure Barre brands. As the Company and the Member are under common control, all of the assets were contributed at their respective carrying cost as of the contribution date. The assets contributed guarantee the existing debt of the Member. The Member is in the process of filing its first Franchise Disclosure Document ("FDD") under the newly formed Subsidiaries. The Company cannot enter into any new franchise agreements until the FDD is filed and considered effective.

Basis of presentation – The Company's financial statement has been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP").

Principles of consolidation – The Company's consolidated financial statements include the accounts of its wholly owned subsidiaries. All intercompany transactions have been eliminated in consolidation.

Use of estimates – The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results could differ from these estimates under different assumptions or conditions.

Note 2 – Summary of Significant Accounting Policies

Cash and cash equivalents – The Company considers all highly liquid investments purchased with an original maturity of ninety days or less to be cash equivalents.

Concentration of credit risk – The Company holds its cash balances in one financial institution. As the cash balances exceed the amounts covered by the Federal Deposit Insurance Corporation, the excess balances could be at a risk of loss.

Property and equipment, net – Property and equipment includes software and digital platform and are carried at cost less accumulated depreciation. Depreciation is recognized on a straight-line method, based on the following estimated useful lives:

Software and digital platform 3-5 years

Software and digital platform consist primarily of costs associated with web development projects. The Company capitalizes eligible costs to acquire, develop, or modify digital platforms that are incurred subsequent to the preliminary project stage. Depreciation of these assets begins upon the initial usage of the digital platforms.

The cost and accumulated depreciation of assets sold or retired are removed from the accounts and any gain or loss is included in the results of operations during the period of sale or disposal.

Intangible assets – Intangible assets consist of indefinite and definitive-lived trademarks and web design and domains.

The Company tests for impairment of trademarks with an indefinite life annually or sooner whenever events or circumstances indicate that trademarks might be impaired. The Company first assesses qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of the trademarks is less than the carrying amount. In the absence of sufficient qualitative factors, trademark impairment is determined utilizing a two-step analysis. The two-step analysis involves comparing the fair value to the carrying value of the trademarks. The Company determines the estimated fair value using a relief from royalty approach. If the carrying amount exceeds the fair value, the Company impairs the trademarks to their fair value.

The recoverability of the carrying values of all intangible assets with finite lives is evaluated when events or changes in circumstances indicate an asset's value may be impaired. Impairment testing is based on a review of forecasted undiscounted operating cash flows. If such analysis indicates that the carrying value of these assets is not recoverable, the carrying value of such assets is reduced to fair value, which is determined based on discounted future cash flows, through a charge to the statement of operations. Amortization expense related to intangible assets with definitive lives is included in depreciation and amortization expense.

Income taxes – As a single member LLC, the Company is considered a disregarded entity. As such, the Company itself is typically not subject to an income tax liability as the taxable income or loss of the Company is passed through to the Member. Therefore, no liability for federal income taxes has been included in the financial statement. The Company accounts for uncertain tax positions in accordance with Accounting Standards Codification Topic 740, *Income Taxes* ("ASC 740"). ASC 740 prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and provides guidance on various related matters such as derecognition, interest, penalties and required disclosures. As of March 15, 2023, the Company does not have any uncertain tax positions.

Fair value measurements – ASC 820, Fair Value Measurements and Disclosures, applies to all financial assets and financial liabilities that are measured and reported on a fair value basis and requires disclosures that establishes a framework for measuring fair value and expands disclosure about fair value measurements. ASC 820 establishes a valuation hierarchy for disclosures of the inputs to valuations used to measure fair value.

This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates and yield curves), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 – Unobservable inputs that reflect assumptions about what market participants would use in pricing the asset or liability. These inputs would be based on the best information available, including the Company's own data.

XPOF ASSETCO, LLC
CONSOLIDATED BALANCE SHEET
AS OF MARCH 15, 2023
(amounts in thousands)

Note 3 – Property and Equipment

Property and equipment consisted of the following:

	March 15, 2023
Software and digital platform	$ 8,910
Total property and equipment	$ 8,910

Note 4 –Intangible Assets

Intangible assets consisted of the following:

		March 15, 2023		
	Amortization period (years)	Gross amount	Accumulated amortization	Net amount
Trademarks	8.6	$ 18,026	$ —	$ 18,026
Web design and domain	2.0	179	—	179
Total definite-lived intangible assets		18,205	—	18,205
Indefinite-lived intangible assets:				
Trademarks	N/A	72,607	—	72,607
Total intangible assets		$ 90,812	$ —	$ 90,812

The estimated amortization expense of intangible assets is as follows:

Year ending December 31,	
2023	$ 1,762
2024	2,185
2025	2,106
2026	2,106
2027	2,106
Thereafter	7,940
Total	$ 18,205

Note 5 – Related Party Transactions

All start-up costs of the Company have been expensed and paid by the Member.

Note 6 – Member's Equity

The capital structure of the Company consists of one class of membership interests (the "Interests"). The Member owns all of the Interests issued and outstanding and is the sole member of the Company and contributed $8,000 in cash, $8,910 in property and equipment and $90,812 in intangible assets as of March 15, 2023 to use in its operations and to satisfy minimum net worth requirements to qualify for large franchisor exemptions available under certain state franchise registration laws.

Note 7 – Subsequent events

The Company has evaluated subsequent events through March 31, 2023, which is the date this financial statement was available to be issued and noted none.

~~Exhibit C-2~~
~~To Franchise Disclosure Document~~

EXHIBIT D

~~AFFILIATE~~ GUARANTY OF PERFORMANCE

GUARANTY OF PERFORMANCE

For value received, **XPOF ASSETCO, LLC**, a Delaware limited liability company located at **17877 VON KARMAN AVENUE, SUITE 100, IRVINE, CALIFORNIA 92614** (the "Guarantor"), absolutely and unconditionally guarantees the performance by **STRIDE FRANCHISE SPV, LLC**, a Delaware limited liability company, located at **17877 VON KARMAN AVENUE, SUITE 100, IRVINE, CALIFORNIA 92614** (the "Franchisor"), of all of the obligations of Franchisor in accordance with the terms and conditions of the franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2023 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees as amended, modified or extended from time to time. This guaranty continues in full force and effect until all obligations of the Franchisor under its franchise registrations and Franchise Agreements are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive notice of Franchisor's default. This guaranty is binding on the Guarantor and its successors and assignees.

The Guarantor signs this guaranty at Irvine, California on the 3rd day of April, 2023.

GUARANTOR:

XPOF ASSETCO, LLC

By: ______________________
Name: John Meloun
Title: Chief Financial Officer

~~Exhibit D~~EXHIBIT E
~~To Franchise Disclosure Document~~

STATEMENT OF PROSPECTIVE FRANCHISEE

STRIDE FRANCHISE SPV, LLC
STATEMENT OF PROSPECTIVE FRANCHISEE

[Note: Dates and Answers Must Be Completed in the Prospective Franchisee's Own Handwriting.]

**** If the state franchise registration and disclosure laws of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin apply to you, then you are not required to complete this Statement of Prospective Franchisee****

Since the Prospective Franchisee (also called "me," "our," "us," "we" and/or "I" in this document) and Stride Franchise SPV, LLC (also called the "Franchisor" or "~~STRIDE~~Stride") both have an interest in making sure that no misunderstandings exist between them, and to verify that no violations of law might have occurred, and understanding that the Franchisor is relying on the statements I/we make in this document, I/we assure the Franchisor as follows:

A. The following dates and information are true and correct:

1. ______________, 20___ The date on which I/we received a Uniform Franchise Disclosure Document about a Franchise.

   Initials ______________

2. ______________, 20___ The date when I/we received a fully completed copy (other than signatures) of the Franchise Agreement, Development Agreement (if appropriate) and all other documents I/we later signed.

   Initials ______________

3. ______________, 20___ The earliest date on which I/we signed the Franchise Agreement, Development Agreement or any other binding document (not including any Letter or other Acknowledgment of Receipt.)

   Initials ______________

4. ______________, 20___ The earliest date on which I/we delivered cash, check or other consideration to the Franchisor, or any other person or company.

   Initials ______________

B. Representations and Other Matters:

1. No oral, written, visual or other promises, agreements, commitments, representations, understandings, "side deals," options, rights-of-first-refusal or otherwise of any type (collectively, the "representations"), including, but not limited to, any which expanded upon or were inconsistent with the Disclosure Document, the Franchise Agreement, or any other written documents, have been made to or with me/us with respect to any matter (including, but not limited to, advertising, marketing, site location and/or development, operational, marketing or administrative assistance, exclusive rights or exclusive or protected territory or otherwise) nor have I/we relied in any way on any such representations, except as expressly set forth in the Franchise Agreement, or a written Addendum thereto signed by the Prospective Franchisee and the Franchisor, except as follows:

____.
(If none, the Prospective Franchisee should write NONE in his/her/their own handwriting.)

Prospective Franchisee's Initials: ______________________________________

2. No oral, written, visual or other claim, guarantee or representation (including, but not limited to, charts, tables, spreadsheets or mathematical calculations to demonstrate actual or possible results based on a combination of variables, such as multiples of price and quantity to reflect gross sales, or otherwise), which stated or suggested any specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained), from franchised or non-franchised units, was made to me/us by Franchisor, its affiliates or agents/representatives, nor have I/we relied in any way on any such, except for information (if any) expressly set forth in Item 19 of the Franchisor's Disclosure Document (or an exhibit referred to therein), except as follows:

Prospective Franchisee's Initials: ________________________________

3. No contingency, prerequisite, reservation or otherwise exists with respect to any matter (including, but not limited to, the Prospective Franchisee obtaining any financing, the Prospective Franchisee's selection, purchase, lease or otherwise of a location, any operational matters or otherwise) or the Prospective Franchisee fully performing any of the Prospective Franchisee's obligations, nor is the Prospective Franchisee relying on the Franchisor or any other entity to provide or arrange financing of any type, nor have I/we relied in any way on such, except as expressly set forth in the Franchise Agreement, Development Agreement (if and as appropriate) or a written Addendum thereto signed by the Prospective Franchisee and the Franchisor, except as follows:

____.
(If none, the Prospective Franchisee should write NONE in his/her/their own handwriting.)

Prospective Franchisee's Initials: ________________________________

4. The individuals signing for the "Prospective Franchisee" constitute all of the executive officers, partners, shareholders, investors and/or principals of the Prospective Franchisee and each of such individuals has received the Uniform Franchise Disclosure Document and all exhibits and carefully read, discussed, understands and agrees to the Franchise Agreement, Development Agreement (if and as appropriate), each written Addendum and any Personal Guarantees.

Prospective Franchisee's Initials: ________________________________

5. I/we have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and the Franchisor has strongly recommended that I/we obtain such independent professional advice. I/we have also been strongly advised by the Franchisor to discuss my/our proposed purchase of, or investment in, a ~~STRIDE~~Stride Studio Franchise with existing Franchisees prior to signing any binding documents or paying any sums and I/we have been supplied with a list of existing ~~STRIDE~~Stride Studio Franchisees.

Prospective Franchisee's Initials: ________________________________

6. I confirm that, as advised, I've spoken with past and/or existing ~~STRIDE~~Stride Studio Franchisees, and that I made the decision as to which, and how many, ~~STRIDE~~Stride Studio Franchisees to speak with.

Prospective Franchisee's Initials: ________________________________

7. I/we understand that: entry into any business venture necessarily involves some unavoidable risk of loss or failure, the purchase of a ~~STRIDE~~Stride Franchise (or any other) is a speculative investment, an investment beyond that outlined in the Disclosure Document may be required to succeed, there exists no guaranty against possible loss or failure in this or any other business and the most important factors in the success of any ~~STRIDE~~Stride Franchise, including the one to be operated by me/us, are my/our personal business, marketing,

sales, management, judgment and other skills.

Prospective Franchisee's Initials: ___________________________________

If there are any matters inconsistent with the statements in this document, or if anyone has suggested that I sign this document without all of its statements being true, correct and complete, I/we will (a) **immediately** inform the President of Stride Franchise SPV, LLC (~~949-490-5989~~513-815-8467), and (b) make a written statement regarding such next to my signature below so that the Franchisor may address and resolve any such issue(s) at this time and before either party goes forward.

I/we understand and agree that the Franchisor does not furnish or endorse, or authorize its salespersons or others to furnish or endorse, any oral, written or other information concerning actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained), from franchised or non-franchised units, that such information (if any) not expressly set forth in Item 19 of the Franchisor's Disclosure Document (or an exhibit referred to therein) is not reliable and that I/we have not relied on it, that no such results can be assured or estimated and that actual results will vary from unit to unit, franchise to franchise, and may vary significantly.

Prospective Franchisee's Initials: ________________________________

I/we understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

Date: _________________________

If the franchised business that you will operate is located in Maryland or if you are a resident of Maryland, the following shall apply:

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

If any California franchisee completes this Statement of Prospective Franchisee, we will destroy, disregard, and will not rely on such Statement of Prospective Franchisee.

This Statement of Prospective Franchisee does not waive any liability we may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

PROSPECTIVE FRANCHISEE (Individual)

____
Signature

____
Printed Name

____
Signature

____
Printed Name

PROSPECTIVE FRANCHISEE (Corp., LLC or Partnership) [Must be accompanied by appropriate personal guarantee(s)]

____
Legal Name of Entity

a ______________________________
State of incorporation, formation, etc.

By: ______________________________
Name

____
Signature

Title:______________________________

~~**Exhibit E**~~
~~**To Franchise Disclosure Document**~~

EXHIBIT F

TABLE OF CONTENTS ~~OF THE~~TO OPERATIONS MANUAL

Operations Brand Standards Manual

~~**STRIDE**~~
~~**OPERATIONS MANUAL**~~

TABLE OF CONTENTS

Total Pages: 94

~~**Exhibit F**~~
~~**To Franchise Disclosure Document**~~

EXHIBIT G

~~SAMPLE~~FORM OF GENERAL RELEASE ~~AGREEMENT~~

STRIDE FRANCHISE SPV, LLC
GENERAL RELEASE OF ALL CLAIMS

______________________ (**FRANCHISEE**") and **_____________________, an individual** ("**GUARANTOR**") enter into this General Release on **_________________**, with reference to the following facts:

1. On **_____________________, ~~Stride Franchise~~STRIDE FRANCHISE SPV, LLC,** a Delaware limited liability company ("**FRANCHISOR**"), and FRANCHISEE entered into a Franchise Agreement (the "**Franchise Agreement**") to operate a ~~STRIDE~~ Franchised Business located at **________________________________** (the "**Premises**"). GUARANTOR guaranteed FRANCHISEE's performance under the Franchise Agreement pursuant to a Guarantee and Assumption of Obligations (the "Guarantee"). In consideration of FRANCHISOR'S processing and approval of ____, the Franchise Agreement provides that FRANCHISEE must sign this General Release as a condition to such ___________. All capitalized terms not otherwise defined in this General Release shall have the same meaning as in the Franchise Agreement and/or the Guarantee.

2. For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, FRANCHISEE and GUARANTOR hereby release and forever discharge FRANCHISOR, its parents and subsidiaries and the directors, officers, employees, attorneys and agents of said corporations, and each of them, from any and all claims, obligations, liabilities, demands, costs, expenses, damages, actions and causes of action, of whatever nature, character or description, known or unknown (collectively "Damages"), which arose on or before the date of this General Release, including any Damages with respect to the Franchise Agreement, the Franchised Business, the Premises and the Guarantee. FRANCHISEE waives any right or benefit which FRANCHISEE or GUARANTOR may have under Section 1542 of the California Civil Code or any equivalent law or statute of any other state. Section 1542 of the California Civil Code reads as follows:

> "Section 1542. Certain claims not affected by general release. A general release does not extend to claims ~~which~~that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing ~~this~~the release and that, ~~which~~ if known by him ~~must~~or her, would have materially affected his or her settlement with the debtor or released party."

3. This General Release sets forth the entire agreement and understanding of the parties regarding the subject matter of this General Release and any agreement, representation or understanding, express or implied, heretofore made by any party or exchanged between the parties are hereby waived and canceled.

4. This Agreement shall be binding upon each of the parties to this General Release and their respective heirs, executors, administrators, personal representatives, successors and assigns.

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any general release provided for hereunder shall not apply to any liability under the Minnesota Franchise Act.

Any general release provided for hereunder shall not apply to any liability under the Washington Franchise Investment Protection Act.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the undersigned have executed this ~~Agreement~~General Release as of the day and year set forth above.

FRANCHISEE:

By: ____

Print Name: ____

Title: ____

GUARANTOR:

______________~~,~~____, **an individual**

~~**Exhibit G**~~
~~**To Franchise Disclosure Document**~~
EXHIBIT H

STATE SPECIFIC ADDENDA

ADDITIONAL ~~STATE~~ DISCLOSURES FOR THE

~~If the franchise is located in or if franchisee is a resident of any of the following states, then the designated provisions in the Franchise Disclosure Document ("Disclosure Document") and Franchise Agreement will be amended as follows:~~

~~CALIFORNIA~~

~~ADDENDUM TO~~FRANCHISE DISCLOSURE DOCUMENT OF
STRIDE FRANCHISE SPV, LLC

~~California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.~~

The following are additional disclosures for the Franchise Disclosure Document of STRIDE FRANCHISE SPV, LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise law applies to you.

FOR THE FOLLOWING STATES: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

~~Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.~~

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

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

CALIFORNIA

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

~~1. The following language is added to the end of Item 3 of the Disclosure Document:~~

2. SECTION 31125 OF THE CALIFORNIA CORPORATION CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

3. OUR WEBSITE, https://www.xponential.com/franchising, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION.

ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT www.dfpi.ca.gov.

4. THE FOLLOWING STATEMENT IS ADDED TO THE END OF ITEM 3:

Neither ~~Stride Franchise, LLC,~~we, our parent, predecessor or affiliate nor any person ~~identified~~ in Item 2~~, or an affiliate or~~ of the ~~f~~Franchise ~~broker offering franchises under our principal trademark~~Disclosure Document 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, 15 U.S.C.A~~.~~ Sections 78a et seq., suspending or expelling such persons from membership in ~~such~~that association or exchange.

5. ~~2.~~ The following ~~language~~statement is added to the ~~end~~Remarks column of Item 6 ~~of the Disclosure Document~~for the row entitled **Late Fees**:

The highest ~~interest~~ rate of interest allowed ~~in~~by California law is 10% annually.

~~2. The following language is added to the end of Item 10 of this Disclosure Document:~~

~~Amerifund, Inc., previously d/b/a Express Equipment Finance, is licensed to provide financing in the State of California (License File No. 60DBO 66133). Amerifund also brokers for Navitas in the State of California.~~

~~Macrolease Corporation is a subsidiary of Bank Rhode Island. As a bank, it is exempt from certain financial licensure requirements in the State of California.~~

~~4. The following language is added to the end of Item 5 of this Disclosure Document:~~

~~Please be advised that Franchisor has obtained a surety bond in the amount of $393,000 to demonstrate Franchisor's financial capability to fulfill its pre-opening obligations to franchisees under the Franchise Agreement that are subject to the jurisdiction of the California Franchise Investment Law.~~

6. ~~3.~~ The following paragraphs are added at the end of Item 17~~ of the Disclosure Document~~:

The Franchise Agreement and Area Development Agreement requires ~~franchisee~~you to ~~execute~~sign a general release of claims upon renewal or transfer of the Franchise Agreement or Area Development Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

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

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

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

The Franchise Agreement and Area Development Agreement contain~~s~~ a covenant not to compete ~~which~~that extends beyond ~~the~~ termination of the franchise. This provision ~~may~~might not be enforceable under California law.

The Franchise Agreement ~~requires application of the laws of the state where the business is located~~and Area Development Agreement provides for termination upon bankruptcy. This provision may not be enforceable under ~~California~~federal bankruptcy law~~.~~ (11 U.S.C.A Section 101 et seq.).

The Franchise Agreement and Area Development Agreement require~~s~~ binding arbitration. The arbitration will ~~occur in Orange County~~be conducted at our then current principal place of business (currently Irvine, California~~,~~) or another location that we designate with the costs being borne ~~by the non-prevailing party. The prevailing party shall be entitled to recover reasonable compensation for expenses, costs and fees in connection with arbitration, including reasonable attorney's fees~~as provided in the Franchise Agreement and Area Development Agreement. Prospective developers and franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of ~~a~~the ~~f~~Franchise ~~a~~Agreement and Area Development Agreement restricting venue to a forum outside the State of California.

Under the Franchise Agreement, we reserve the right to require that franchisees comply with maximum and minimum prices it sets for goods and services. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the California's Cartwright Act (Cal. Bus. and Prof. Code §§ 16700 to 16770).

7. The following paragraphs are added at the end of Item 19:

~~Corporations Code section 31303 provides a four-year statute of limitations and 31304 provides a two-year statute of limitations for certain claims under the California Franchise Investment Law. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.~~

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

~~The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.~~

~~CALIFORNIA~~
~~ADDENDUM TO FRANCHISE AGREEMENT~~

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

~~**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.~~

~~Stride Franchise, LLC~~	~~Franchisee:~~ ____________________
~~By:~~ ____________________	~~By:~~ ____________________
~~Title:~~ ____________________	~~Title:~~ ____________________

~~**HAWAII**~~

~~**ADDENDUM TO DISCLOSURE DOCUMENT**~~

~~These franchises will be/ have been filed under the Franchise Investment Law of the State of Hawaii. Filing does not constitute approval, recommendation or endorsement by the Director of 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 subfranchisor, at least seven days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least seven days prior to the payment of any consideration by the franchisee, or subfranchisor, whichever occurs first, a copy of the Disclosure Document, together with an copy of all proposed agreements relating to the sale of the franchise.~~

~~This 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 the franchisee.~~

ILLINOIS

~~**ADDENDUM TO DISCLOSURE DOCUMENT**~~

~~1. The "**Summary**" section of Item 17(v), entitled **Choice of forum**, is deleted in its entirety.~~

1. ~~2.~~ The "Summary" section of Item 17~~(w)~~.u, entitled **Dispute resolution by arbitration or mediation**, and the "Summary" section of Item 17.v, entitled **Choice of** ~~**law**, is deleted and replaced~~**forum**, are supplemented with the following:

~~Illinois law applies.~~

~~4. Illinois law governs the agreement(s) between the parties to this franchise.~~

~~5. Any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void, provided that arbitration may take place outside of Illinois. 815 ILCS 705/4 (West 2010)~~

~~6. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of Illinois is void. 815 ILCS 705/41 (West 2010)~~

~~7. YOU ARE REQUIRED TO OPEN YOUR 1st STUDIO WITHIN 6 MONTHS OF SIGNING YOUR FRANCHISE AGREEMENT. IF YOU FAIL TO COMPLETE REQUIRED TRAINING (FOR WHICH THERE IS NO FORMAL SCHEDULE) AND OPEN WITHIN 6 MONTHS, THE FRANCHISOR MAY TERMINATE YOUR FRANCHISE AGREEMENT.~~

~~ILLINOIS~~

~~AMENDMENT TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT~~

~~**The Franchise Agreement and Development Agreement are specifically amended as follows:**~~

~~In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987 (as amended), the parties to the attached Franchise Agreement ("**Agreement**") agree as follows:~~

~~1. Governing Law.~~

~~a. Section 16.1 of the Franchise Agreement, "**GOVERNING LAW,**" is deleted in its entirety and replaced with the following:~~

~~EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), THE FEDERAL ARBITRATION ACT, OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE RIGHTS OF THE PARTIES HEREUNDER SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THE STATE OF ILLINOIS.~~

~~b. Section 21(A) of the Development Agreement is hereby amended to provide that Illinois law governs the agreements between the parties to this franchise.~~

~~2.~~ Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement~~/development agreement~~ that designates jurisdiction or venue outside ~~of~~ the State of Illinois is void. However, a franchise agreement~~/development agreement~~ may provide for arbitration ~~in a venue~~ outside of Illinois.

2. The "Summary" section of Item 17.w, entitled **Choice of law**, is deleted and replaced with the following:

Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern the Franchise Agreement and Area Development Agreement.

3. The following paragraphs are added to the end of Item 17:

~~3.~~ Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void. ~~Accordingly, insofar as the Franchise Agreement requires you to waive your rights under the Illinois franchise law, these requirements are deleted from the Franchise Agreement. This provision will not prevent the franchisor from requiring you to sign a general release of claims as part of a negotiated settlement of a dispute or actual lawsuit filed under any of the provisions of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.~~

Your rights upon termination and non-renewal of a franchise agreement/area development agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

MARYLAND

~~4. YOU ARE REQUIRED TO OPEN YOUR 1st STUDIO WITHIN 6 MONTHS OF SIGNING YOUR FRANCHISE AGREEMENT. IF YOU FAIL TO COMPLETE REQUIRED TRAINING (FOR WHICH THERE IS NO FORMAL SCHEDULE) AND OPEN WITHIN 6 MONTHS, THE FRANCHISOR MAY TERMINATE YOUR FRANCHISE AGREEMENT.~~

~~**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.~~

~~Stride Franchise, LLC~~ ~~Franchisee:~~ ______________________________

~~By:~~ ______________________________ ~~By:~~ ______________________________
~~Title:~~ ______________________________ ~~Title:~~ ______________________________

~~MARYLAND~~

~~ADDENDUM TO DISCLOSURE DOCUMENT~~

1. ~~1.~~ The following is added to the end of the "Summary" sections of Item 17~~(~~.c~~)~~, entitled **Requirements for renewal or extension~~ of term~~**, and ~~the "**Summary**" section of~~ Item 17~~(~~.m~~)~~, entitled **Conditions for franchisor approval of transfer**~~, are amended by adding the following~~:

However, ~~A~~any ~~general~~ release ~~you sign shall~~required as a condition of renewal and/or assignment/transfer will not apply to ~~the extent prohibited by~~claims arising under the Maryland Franchise Registration and Disclosure Law.

2. ~~2.~~ The following is added to the end of the "Summary" section of Item 17~~(~~.h~~)~~, entitled "**Cause" defined – non-curable defaults**~~, is amended by adding the following~~:

The Area Development Agreement and Franchise Agreement provides for termination upon ~~your~~ bankruptcy. This provision might not be enforceable under federal bankruptcy law (~~11~~111 U.S.C. Sections 101 et seq.)~~,~~ but we will enforce it to the extent enforceable.

3. The "Summary" sections of Item 17.v, entitled **Choice of forum**, and 17.w, entitled **Choice of law**, are amended to add the following:

~~3. The following are added to the end of the chart in Item 17:~~
~~Despite any contradicting provision in the Franchise Agreement, you have 3 years from the date on which we grant you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law.~~

A franchisee may bring ~~a law~~suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The following language is added to the end of the chart in Item 17:

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

MINNESOTA

1. The disclosure in the Item 6 chart, entitled "**Lost Revenue Damages**," is deleted in its entirety.

2. The following language is added to the end of Item 13:

Provided you have complied with all provisions of the Franchise Agreement applicable to the Marks, we will protect your rights to use the marks and we also will indemnify you from any loss, costs or expenses from any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C.12 Subd. 1(g).

3. The following is added at the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and Area Development Agreement and 180 days' notice for non-renewal of the Franchise Agreement and Area Development Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibits us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring the Area Developer or Franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document, Area Development Agreement or Franchise Agreement can abrogate or reduce any of Area Developer's or Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Area Developer's or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Any release required as a condition of renewal or transfer/assignment will not apply to the extent prohibited by governing law with respect to claims arising under Minn. Rule 2860.4400D.

~~A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.~~
~~The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.~~

~~MARYLAND~~
~~AMENDMENT TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT~~

~~The Franchise Agreement is specifically amended as follows:~~

~~Any provision requiring Franchisee to execute a general release of any and all claims against Franchisor shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.~~

~~Termination upon bankruptcy of the Franchisee might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but Franchisor intends to enforce it to the extent enforceable.~~

~~Section 16.12 of the Franchise Agreement shall be supplemented by the following additional language:~~

> ~~Provided, however, that this limitation of claims shall not act to reduce the three (3) year statute of limitations afforded franchisee for bringing a claim under the Maryland Franchise Registration and Disclosure Law.~~

~~This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.~~

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

~~**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.~~

~~Stride Franchise, LLC~~	~~Franchisee:~~ ______________________________
~~By:~~ ____________________________________	~~By:~~ ____________________________________
~~Title:~~ ___________________________________	~~Title:~~ ___________________________________

~~MARYLAND~~
~~AMENDMENT TO DISCLOSURE QUESTIONNAIRE~~

~~The Franchisee Disclosure Questionnaire is specifically amended as follows:~~

~~In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law (as amended), Md. Code Bus. Reg. Sections 14-201 through 14-233, the following paragraph is added to the Franchisee Disclosure Questionnaire:~~

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

~~Name of Franchisee/Applicant~~

~~Date:~~

~~Signature~~

~~Name and Title of Person Signing~~

~~MICHIGAN~~
~~ADDENDUM TO DISCLOSURE DOCUMENT~~

~~The following disclosures are required by the State of Michigan:~~

~~1. THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.~~

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

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

~~B. A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.~~

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

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

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

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

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

~~1) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.~~

~~2) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.~~

~~3) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.~~

~~4) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.~~

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

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

~~2.~~ ~~If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00 the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.~~

~~3.~~ ~~THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENFORCEMENT BY THE ATTORNEY GENERAL.~~

~~Any questions regarding this notice should be direct to:~~

~~State of Michigan~~
~~Consumer Protection Division~~
~~Attention: Franchise~~
~~670 G. Mennen Williams Building~~
~~525 West Ottawa~~
~~Lansing, MI 48933~~
~~(517) 373-1160~~

~~**Note:** Despite paragraph F above, we intend to enforce fully the provisions of the arbitration section contained in the Franchise Agreement. We believe that paragraph F is unconstitutional and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce this section as well.~~

~~**MINNESOTA**~~

~~**ADDENDUM TO DISCLOSURE DOCUMENT**~~

~~In accordance with the requirements of the state of Minnesota the following disclosure should be read in conjunction with the Disclosure Document. Any inconsistency with the information contained in the Disclosure Document will be resolved in favor of this Minnesota Addendum.~~

~~1. Item 13 **Trademarks** is amended by adding the following:~~

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

~~2. Item 17 **Renewal, Termination, Transfer and Dispute Resolution** is amended by adding the following:~~

~~A. **Renewal and Termination**~~

~~With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement.~~

~~B. **Choice of Forum**~~

~~Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.~~

~~C. **Releases**~~

~~A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.22.~~

~~These franchises have been registered under the Minnesota Franchise Act, registration does not constitute approval, recommendation, or endorsement by the Commissioner of Commerce of Minnesota or a finding by the Commissioner that the information provided herein is true, complete, and not misleading.~~

~~The Minnesota Franchise Act makes it unlawful to offer or sell any franchise in this state which is subject to registration without first providing to the franchisee, at least 7 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 7 days prior to the payment of any consideration, by the franchisee, whichever occurs first, a copy of this Disclosure Document, together with a copy of all proposed agreements relating to the franchise. This Disclosure Document contains a summary only of certain material provisions of the Franchise Agreement. The contract or agreement should be referred to for an understanding of all rights and obligations of both the franchisor and the franchisee.~~

~~MINNESOTA~~
~~AMENDMENT TO FRANCHISE AGREEMENT~~

~~**The Franchise Agreement is specifically amended as follows:**~~

~~In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et seq., the parties to the attached Franchise Agreement ("Agreement") agree as follows:~~

> ~~With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.~~
>
> ~~As required by Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), Franchisor will reimburse Franchisee for any costs incurred by Franchisee in the defense of Franchisee's right to use the Marks, so long as Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.~~
>
> ~~With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.~~
>
> ~~A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Section 80C.22.~~
>
> ~~The franchisee cannot consent to franchisor obtaining injunctive relief. The franchisor may~~ seek ~~injunctive relief. *See* Minn. Rule 2860.4400J. A court will determine if a bond is required.~~
>
> ~~Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.~~
>
> ~~Any claims brought pursuant to the Minnesota Franchises Act, § 80.C.01 et seq. must be brought within 3 years after the cause of action accrues. To the extent that any provision of the Franchise Agreement imposes a different limitations period, the provision of the Act shall control.~~

~~**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.~~

~~Stride Franchise, LLC~~	~~Franchisee:~~ ______________________
~~By:~~ ______________________	~~By:~~ ______________________
~~Title:~~ ______________________	~~Title:~~ ______________________

NEW YORK

~~**ADDENDUM TO DISCLOSURE DOCUMENT**~~

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT ~~A~~B OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS ~~FRANCHISE~~ DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE ~~FRANCHISE~~ DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND ~~NYS~~NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION ~~BUREAU~~AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, ~~NY~~NEW YORK 10005. ~~THE FRANCHISOR~~

WE MAY, IF ~~IT~~WE CHOOSE~~S~~, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE ~~FRANCHISE~~ DISCLOSURE DOCUMENT. HOWEVER, ~~THE FRANCHISOR~~WE CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE AREA DEVELOPER OR FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

~~Except as provided above, w~~With regard to ~~the franchisor, its~~us, our parent, predecessor~~,~~ ~~a~~ or affiliate, the persons identified in Item 2, or an affiliate offering franchises under ~~the franchisor's~~our principal trademark:

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices~~,~~ or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, ~~antifraud~~antitrust, or securities law; fraud; embezzlement; fraudulent conversion ~~or~~; misappropriation of property; or unfair or deceptive practices; or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a ~~F~~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.

3. The following is added to the end of Item 4:

Neither ~~the franchisor, its~~we, our affiliate, ~~its~~ predecessor, officers, or general partners or any other individual who will have management responsibility relating to the sale or operation of franchises offered by this Disclosure Document have, during the 10-year period immediately ~~before~~preceding the date of the ~~offering circular~~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 U.S. ~~b~~Bankruptcy ~~c~~Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

We apply ~~T~~the initial franchise fee ~~constitutes part of our general operating funds and will be used as such in our discretion~~to defray our costs for site review and approval, sales, legal compliance, salary, and general administrative expenses and profits.

5. The following is added to the end of the "Summary" sections of Item 17~~(~~.c~~)~~, entitled ~~“~~**Requirements for ~~franchisee to~~ renewal or exten~~d~~sion**,~~”~~ and Item 17~~(~~.m~~)~~, entitled ~~“~~**Conditions for franchisor approval of transfer**~~”~~:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver ~~non-waiver~~ provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The ~~following language replaces the~~ "Summary" section of Item 17~~(~~.d~~)~~, entitled ~~“~~ **Termination by franchisee**~~”~~ is amended to add the following:

You may terminate the Franchise ~~a~~Agreement or the Area Development Agreement on any grounds available by law.

7. The ~~following is added to the end of the~~ "Summary" section of Item 17~~(~~.j~~)~~, entitled ~~“~~**Assignment of contract by franchisor**~~”~~ is amended to add the following:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith ~~and~~ judgment ~~of the franchisor~~, is willing and financially able to assume ~~the franchisor's~~our obligations under the Area Development Agreement or Franchise Agreement.

8. The ~~following is added to the end of the~~ "Summary" sections of Item 17~~(~~.v~~)~~, entitled ~~"~~**Choice of forum**~~"~~, and ~~Item~~ 17~~(~~.w~~)~~, entitled ~~"~~**Choice of law**~~"~~, are amended to add the following:

However, ~~T~~the ~~foregoing~~governing choice of law ~~should~~and choice of forum shall not be considered a waiver of any right conferred upon ~~the franchisor or upon the franchisee by~~you by the provisions of Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA

1. The disclosure in the Item 6 chart, entitled "**Lost Revenue Damages**," will not be enforced to the extent prohibited by applicable law.

~~**ADDENDUM TO DISCLOSURE DOCUMENT**~~

2. The following is added to the "Remarks" section of the Item 6 row entitled "**Cost of Enforcement or Defense**":

> Sections of the Franchise Disclosure Document requiring you to pay all costs and expenses incurred by us in enforcing the Franchise Agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

3. ~~1.~~ The following ~~language~~ is added to the end of the "Summary" sections of Item 17~~(~~.c~~)~~, entitled **Requirements for renewal or extension**, and Item 17~~(~~.m~~)~~, entitled **Conditions for franchisor approval of ~~a~~ transfer**:

> ~~The execution of a general~~However, any release ~~upon~~required as a condition of renewal~~,~~ and/or assignment ~~or termination will be inapplicable to franchises operating under~~/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

4. ~~2.~~ The ~~applicable portion~~following is added to the end of the "Summary" section of Item 17~~(~~.i~~)~~, entitled **Franchisee's obligation~~s~~ on termination/non-renewal** ~~is amended to read as follows~~:

> ~~If we prevail in any enforcement action you will pay all damages and costs we incur in enforcing the termination provisions of the Franchise Agreement~~
>
> The requirement to pay damages will not be enforced to the extent prohibited by applicable law.

5. The following is added to the end of the "Summary" section of Item 17.r, entitled **Non-competition covenants after the franchise is terminated or expires**:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we and you will enforce the covenants to the maximum extent the law allows.

6. ~~3.~~ The following is added to the end of the "Summary" section of Item 17~~(~~.u~~)~~, entitled **Dispute resolution by arbitration or mediation**:

> To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

~~4. The following is added to the "Summary" section of Item 17(r) entitled **Non-competition covenants after the franchise is terminated or expires**:~~

~~Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.~~

7. ~~5.~~ The ~~following is added to the~~ "Summary" section of Item 17~~(~~.v~~)~~, entitled **Choice of forum**, is deleted and replaced with the following:

~~However, to the extent allowed by the North Dakota Franchise Investment Law, you may commence any cause of action against us in any court of competent jurisdiction, including the state or federal courts of North Dakota.~~

You must sue us in the court nearest to our or, as applicable, our successor's or assign's then current principal place of business (currently, Irvine, California) except that, subject to the arbitration requirement, and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

8. ~~6.~~ The "Summary" section of Item 17~~(~~.w~~)~~, entitled **Choice of law**, is deleted and replaced with the following:

Except as otherwise required by North Dakota law, and except for the U.S. Trademark Act, the Federal Arbitration Act, other federal laws, and disputes involving non-competition covenants (which are governed by the law of the state in which your Studio is located), California law applies.

RHODE ISLAND

~~**NORTH DAKOTA**~~

1. The following language is added to the end of the "Summary" sections of Item 17.v, entitled **Choice of forum**, and 17.w, entitled **Choice of law**:

~~**AMENDMENT TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT**~~

> 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. To the extent required by applicable law Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act."

VIRGINIA

1. ~~1.~~ The following language is added to ~~Section 3.2 of the Franchise Agreement, **"RENEWAL"** and~~the end of the "Summary" ~~S~~section ~~14 of the~~of Item 17.e, entitled **Termination by** ~~F~~**franchis**~~e~~**or** ~~Agreement **"TRANSFER OF INTEREST"**~~**without cause**:

> ~~The execution of a general release upon renewal, assignment or termination will be inapplicable to franchises operating under the North Dakota Franchise Investment Law.~~

> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Development Agreement or 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

1. The following paragraph is added at the end of Item 17:

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

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

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

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

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

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

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

The Franchise Disclosure Document does not waive any liability we may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE AREA DEVELOPMENT AGREEMENT

RIDER TO THE STRIDE FRANCHISE SPV, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER is made and entered into by and between **STRIDE FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and ____, whose principal business address is _________________________________ ("**Developer**").

1. **Background**. Franchisor and Developer are parties to that certain Area Development Agreement dated ____________, 20___ (the "**Area Development Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) Developer is domiciled in the State of Illinois, or (b) the offer of the franchise is made or accepted in the State of Illinois and the Studios that Developer develops under the Area Development Agreement are or will be located in the State of Illinois.

2. The following is added to the end of Sections 12.H (**Waiver of Jury Trial)** and 12.I (**Waiver of Class Actions)** of the Area Development Agreement:

> Nothing contained in this section shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois, to the extent applicable.

3. **Limitation of Actions**. The following is added to the end of Section 12.K of the Area Development Agreement:

> However, nothing contained in this section shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois, to the extent applicable.

4. **Illinois Franchise Disclosure Act**. The following language is added to the end of the Area Development Agreement:

> Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern this Agreement.
>
> Section 4 of the Illinois Franchise Disclosure Act provides that any provision in an area development agreement that designates jurisdiction or venue outside the State of Illinois is void. However, an area development agreement may provide for arbitration outside of Illinois.
>
> Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
>
> Developer's rights upon termination and non-renewal of an area development agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Area Development Agreement.

STRIDE FRANCHISE SPV, LLC, a Delaware limited liability company	**[NAME OF DEVELOPER]**
By: ______________________	By: ______________________
Name: ______________________	Name: ______________________
Title: ______________________	Capacity: ______________________
Date: ______________________	Date: ______________________

RIDER TO THE STRIDE FRANCHISE SPV, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN MARYLAND

THIS RIDER is made and entered into by and between **STRIDE FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and ____, whose principal business address is ____ ("**Developer**").

1. **Background**. Franchisor and Developer are parties to that certain Area Development Agreement dated _____________________________, 20___ (the "**Area Development Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) Developer is a resident of the State of Maryland; or (b) the Studios that Developer develops under the Area Development Agreement are or will be developed in the State of Maryland; or (c) the offer to sell is made in the State of Maryland; or (d) the offer to buy is accepted in the State of Maryland.

2. **Insolvency**. The following is added to the end of Section 8.A.(1)(b) of the Area Development Agreement:

> The provision which provides for termination upon Developer's bankruptcy might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

3. **Release**. The following is added to the end of Section 9.C of the Area Development Agreement:

> Pursuant to COMAR 02.02.08.16L, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The following is added to the end of Sections 12.A (**Governing Law)** and 12.F (**Choice of Forum)** of the Area Development Agreement:

> ; provided, however, Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Maryland law may apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **Mediation and Mandatory Binding Arbitration**. The following is added to the end of Sections 12.C and 12.D of the Area Development Agreement:

> A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

6. The following is added to the end of Sections 12.H (**Waiver of Jury Trial)**, 12.I (**Waiver of Class Actions)** and 12.K (**Limitation of Actions)** of the Area Development Agreement:

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

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Area Development Agreement.

STRIDE FRANCHISE SPV, LLC, a Delaware limited liability company	**[NAME OF DEVELOPER]**
By: ______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Capacity: ______________________________
Date: ______________________________	Date: ______________________________

RIDER TO THE STRIDE FRANCHISE SPV, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN MINNESOTA

THIS RIDER is made and entered into by and between **STRIDE FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and ____, whose principal business address is _______________________________________ ("**Developer**").

1. **Background**. Franchisor and Developer are parties to that certain Area Development Agreement dated ____________________________, 20___ (the "**Area Development Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) the Studios that Developer will develop under the Area Development Agreement will be developed in the State of Minnesota; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in the State of Minnesota.

2. **Termination**. The following sentence is added to the end of Section 8.A of the Area Development Agreement:

> However, with respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3, 4, and 5, which require (except in certain specified cases) that Developer be given 90 days' notice of termination (with 60 days to cure) of this Agreement.

3. **Release**. The following is added to the end of Section 9.C of the Area Development Agreement:

> Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

4. **Governing Law**. The following sentence is added to the end of Section 12.A ("Governing Law") of the Area Development Agreement:

> Nothing in this Agreement will abrogate or reduce any of Developer's rights under the Minnesota Statutes Chapter 80C or Developer's right to any procedure, forum or remedies that the laws of the jurisdiction provide.

5. **Other Proceeding (Right to Injunctive Relief)**. The following language is added to the end of Section 12.E of the Area Development Agreement:

> Notwithstanding the foregoing, a court will determine if a bond is required to obtain injunctive relief.

6. **Consent to Jurisdiction**. The following sentence is added to the end of Section 12.F ("Choice of Forum") of the Area Development Agreement:

> Notwithstanding the foregoing, Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit Franchisor, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement shall abrogate or reduce any of Developer's rights under

Minnesota Statutes chapter 80C or Developer's right to any procedure, forum or remedies that the laws of the jurisdiction provide.

7. **Waiver of Punitive Damages and Jury Trial**. If and then only to the extent required by the Minnesota Franchises Law, Sections 12.G ("Waiver of Punitive Damages") and 12.H ("Waiver of Jury Trial") of the Area Development Agreement are hereby deleted.

8. **Limitations of Actions**. The following is added to the end Section 12.K of the Area Development Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Area Development Agreement.

STRIDE FRANCHISE SPV, LLC, a Delaware limited liability company	**[NAME OF DEVELOPER]**
By: ______________________________	By: ______________________________
Name: ____________________________	Name: ____________________________
Title: _____________________________	Capacity: __________________________
Date: _____________________________	Date: _____________________________

RIDER TO THE STRIDE FRANCHISE SPV, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN NEW YORK

THIS RIDER is made and entered into by and between **STRIDE FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and ____, whose principal business address is ___________________________________ ("**Developer**").

1. **Background**. Franchisor and Developer are parties to that certain Area Development Agreement dated _________________________, 20___ (the "**Area Development Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) an offer to sell is made in the State of New York; or (b) an offer to buy is accepted in the State of New York; or (c) if Developer is domiciled in the State of New York, the Studio is or will be developed in the State of New York.

2. **Termination**. The following sentence is added to the end of Section 8.A of the Area Development Agreement:

> Developer also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

3. **Transfer of Interest**. The following sentence is added to the end of Section 9.B of the Area Development Agreement:

> However, to the extent required by applicable law, no assignment will be made except to an assignee who, in Franchisor's good faith judgment, is willing and financially able to assume Franchisor's obligations under this Agreement.

4. **Release**. The following is added to the end of Section 9.C of the Area Development Agreement:

> Notwithstanding the foregoing all rights enjoyed by Developer and any causes of action arising in Developer's favor from the provision of Article 33 of the General Business Law of the State of New York and the regulations issued there under shall remain in force to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.4, as amended.

5. **Governing Law and Choice of Forum**. The following sentence is added to the end of Sections 12.A (**Governing Law)** and 12.F (**Choice of Forum**):

> This section shall not be considered a waiver of any right conferred upon Developer by the provisions of Article 33 of the New York General Business Law, as amended, and the regulations issued thereunder.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Area Development Agreement.

STRIDE FRANCHISE SPV, LLC, a Delaware limited liability company	**[NAME OF DEVELOPER]**
By: ______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Capacity: ______________________________
Date: ______________________________	Date: ______________________________

RIDER TO THE STRIDE FRANCHISE SPV, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN NORTH DAKOTA

THIS RIDER is made and entered into by and between **STRIDE FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and ____, whose principal business address is ____________________________________ ("**Developer**").

1. **Background**. Franchisor and Developer are parties to that certain Area Development Agreement dated __________________________, 20___ (the "**Area Development Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) an offer to sell is made in the State of North Dakota; or (b) if Developer is domiciled in the State of North Dakota, the Studio that Developer develops under its Area Development Agreement are or will be operated in the State of North Dakota.

2. ~~2.~~ **Covenants Regarding Competitive Activities**. The following is added to the end of Section ~~16.6 of the Franchise Agreement, "**CHOICE OF FORUM**" and Section 22 of the~~6.A of the Area Development Agreement:

> ~~However, to the extent allowed by the North Dakota Franchise Investment Law, Franchisee may commence any cause of action against Franchisor in any court of competent jurisdiction, including the state or federal courts of North Dakota.~~
> ~~Franchisor acknowledges that pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law, all provisions in the Disclosure Document requiring Franchisee to consent to the jurisdiction of courts outside of North Dakota are hereby void.~~

~~3. The following is added to Section 16.4 of the Franchise Agreement, "**MANDATORY BINDING ARBITRATION**" and Section 22(B) of the Development Agreement:~~

> ~~To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration and/or mediation will be at a site not remote from Franchisee's place of business, to which Franchisor and Franchisee mutually agree.~~

~~4. Section 18 of the Franchise Agreement, "**ACKNOWLEDGMENTS**" is amended by the addition of the following language to the original language that appears therein to read as follows:~~

> ~~Franchisee acknowledges that Franchisee received a copy of this Agreement, the attachments hereto, if any, and agreements relating thereto, if any, at least seven (7) days prior to the date on which this Agreement was executed.~~

~~5. Section 13.1 of the Franchise Agreement and Section 11 of the Development Agreement (regarding post-term restrictions) are amended by the addition of the following language to the original language that appears therein:~~

Covenants not to compete ~~upon termination or expiration of the Franchise Agreement~~such as those mentioned above are generally considered unenforceable in the State of North Dakota~~except in limited instances as provided by~~; however, Franchisor will enforce the covenants to the maximum extent the law allows.

3. **Release**. The following is added to the end of Section 9.C of the Area Development Agreement:

~~8. Section 16 of the Franchise Agreement and Section 21 of the Development Agreement are hereby amended to provide that North Dakota law governs the agreements~~

~~between the parties to this franchise. Further, Section 16.1 of the Franchise Agreement, "**GOVERNING LAW**" is deleted in its entirety and replaced with the following:~~

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

> ~~EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), THE FEDERAL ARBITRATION ACT, OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE RIGHTS OF THE PARTIES HEREUNDER SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THE STATE OF NORTH DAKOTA.~~

~~9. Section 16.8 of the Franchise Agreement and Section 22(J) of the Development Agreement requiring waiver of jury trial, and Section 16.7 of the Franchise Agreement and Section 22(I) of the Development Agreement requiring waiver of exemplary and punitive damages, are hereby deleted in their entirety.~~

4. ~~10.~~ **Governing Law.** Section ~~16.12 of the Franchise Agreement and Section 22(H) of the~~12.A of the Area Development Agreement ~~shall be supplemented by~~is deleted in its entirety and replaced with the following ~~additional~~ language:

> ~~Provided, however, that this limitation of claims shall not act to reduce the applicable statute of limitations afforded franchisee for bringing a claim under the applicable laws of North Dakota.~~
>
> Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, and except as otherwise required by North Dakota law, this Agreement, the franchise, and all claims arising from the relationship between Franchisor and Developer will be governed by the laws of the State of California, without regard to its conflict of laws rules, except that any state law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section.

5. **Mediation and Mandatory Binding Arbitration.** Sections 12.C and 12.D of the Area Development Agreement are supplemented by adding the following to the end of each Section:

> Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site to which Franchisor and Developer mutually agree.

6. **Choice of Forum.** The following is added to the end of Section 12.F of the Area Development Agreement:

> Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, Developer may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

7. **Waiver of Punitive Damages.** The following is added to the end of Section 12.G of the Area Development Agreement:

Franchisor and Franchisee acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. However, Franchisor and Franchisee agree to enforce the provision to the extent the law allows.

8. **Waiver of Jury Trial**. To the extent required by the North Dakota Franchise Investment Law, Section 12. H of the Area Development Agreement is deleted.

9. The following is added to the end of Sections 12.I (**Waiver of Class Actions)** and 12.K (**Limitations of Actions)** of the Area Development Agreement:

The statutes of limitations under North Dakota Law applies with respect to claims arising under the North Dakota Franchise Investment Law.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, ~~each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.~~the parties have executed and delivered this Rider to be effective as of the effective date of the Area Development Agreement.

~~Stride Franchise, LLC~~	~~Franchisee:~~ ______________________________
STRIDE FRANCHISE SPV, LLC,	**[NAME OF DEVELOPER]**
a Delaware limited liability company	
By: ____________________________________	By: __________________________________
Name: __________________________________	Name: ________________________________
Title: ___________________________________	Capacity: _____________________________
Date: ___________________________________	Date: _________________________________
~~By:~~ _____________________________	~~By:~~ ____________________________________
~~Title:~~ ____________________________	~~Title:~~ __________________________________

RIDER TO THE STRIDE FRANCHISE SPV, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN RHODE ISLAND

~~**ADDENDUM TO DISCLOSURE DOCUMENT**~~

THIS RIDER is made and entered into by and between **STRIDE FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and ____, whose principal business address is ______________________________________ ("**Developer**").

~~The following language is added to Item 17(v) entitled **Choice of forum**:~~

1. **Background**. Franchisor and Developer are parties to that certain Area Development Agreement dated ____________________________, 20____ (the "**Area Development Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) an offer to sell is made or accepted in the State of Rhode Island, or (b) Developer is a resident of the State of Rhode Island and the Studios Developer develops under its Area Development Agreement are or will be operated in the State of Rhode Island.

2. **Governing Law**. The following is added at the end of Section 12.A of the Area Development Agreement:

~~, except as otherwise required by the Rhode Island Franchise Investment Act~~

~~**RHODE ISLAND**~~

~~**AMENDMENT TO FRANCHISE AGREEMENT**~~

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act."

3. **Choice of Forum**. The following is added at the end of Section 12.F of the Area Development Agreement:

~~In recognition of the requirements of the Rhode Island Franchise Investment Act (Section 19-28.1-14), the parties to the attached Franchise Agreement agree as follows:~~

~~Section 16.6, "**CHOICE OF FORUM**" is amended by adding the following:~~

~~§19-24.1-14~~Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in ~~a franchise~~an area development 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."

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, ~~each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.~~the parties have executed and delivered this Rider to be effective as of the effective date of the Area Development Agreement.

~~Stride Franchise, LLC~~	~~Franchisee:~~ ______________________________
STRIDE FRANCHISE SPV, LLC,	**[NAME OF DEVELOPER]**
a Delaware limited liability company	
By: ______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Capacity: ______________________________
Date: ______________________________	Date: ______________________________
~~By:~~ ______________________________	~~By:~~ ______________________________
~~Title:~~ ______________________________	~~Title:~~ ______________________________

~~VIRGINIA~~

~~ADDENDUM~~RIDER TO ~~DISCLOSURE DOCUMENT~~THE STRIDE FRANCHISE SPV, LLC
TO THE AREA DEVELOPMENT AGREEMENT AND RELATED AGREEMENTS
FOR USE IN WASHINGTON

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

THIS RIDER is made and entered into by and between **STRIDE FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and ____, whose principal business address is __________________________________ ("**Developer**").

1. **Background**. Franchisor and Developer are parties to that certain Area Development Agreement dated ________________________, 20____ (the "**Area Development Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) the offer is directed into the State of Washington and is received where it is directed; or (b) Developer is a resident of the State of Washington; or (c) the Studios that Developer develops under the Area Development Agreement are or will be located or operated, wholly or partly, in the State of Washington.

2. **Washington Law**. The following ~~statement is~~paragraphs are added to ~~Item 17.h~~the end of the Area Development Agreement:

~~"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 TO DISCLOSURE DOCUMENT~~

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

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

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

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

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

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

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

The Area Development Agreement does not waive any liability Franchisor may have under the Washington Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Area Development Agreement.

~~The following sentence is added to the "Remarks" column of the Item 6 chart for the fee titled "Indemnification":~~

STRIDE FRANCHISE SPV, LLC, a Delaware limited liability company	**[NAME OF DEVELOPER]**
By: ______________________	By: ______________________
Name: ______________________	Name: ______________________
Title: ______________________	Capacity: ______________________
Date: ______________________	Date: ______________________

~~All indemnification obligations will be subject to the applicable laws of the state of Washington.~~

~~The following sentence is added to the end of the first paragraph in Item 11, Section F titled "Computer Hardware – Hardware and Software":~~

> ~~As a result of Franchisor's independent access to your computer system, there may be an increased risk of disclosure of your sensitive client/customer, employee, or company information resulting from cyber security events and/or data breaches.~~

~~The **"Summary"** section of Item 17(c) entitled **Requirements for renewal or extension of term** is amended by adding the following:~~

> ~~Any general release you sign shall not apply to the extent prohibited by applicable Washington state law.~~

~~The **"Summary"** section of Item 17(d) entitled **Termination by franchisee** is amended by adding the following:~~

> ~~Franchisee may terminate the franchise agreement under any grounds permitted by applicable Washington state law.~~

~~The **"Summary"** section of Item 17(o) entitled **Franchisor's option to purchase franchisee's business** is amended by adding the following:~~

> ~~Pursuant to RCW 19.100.180(2)(i) and (j), Franchisor may be required to: (i) compensate franchisee for the fair market value of the franchise upon expiration in the event Franchisor refuses to renew the franchise; and (ii) purchase from franchisee at fair market value certain of franchisee's inventory and supplies required by law. To the extent required by law, RCW 19.100.180(2)(i) and (j) will supersede contrary terms in the Franchise Agreement.~~

~~The undersigned does hereby acknowledge receipt of this addendum~~

~~Dated this ______________ day of __________________________________ 20______.~~

~~FRANCHISOR~~ ~~FRANCHISEE~~

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT

RIDER TO THE STRIDE FRANCHISE SPV, LLC
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER is made and entered into by and between **STRIDE FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and ____, whose principal business address is _______________________________________ ("**Franchisee**").

1. **Background**. Franchisor and Franchise are parties to that certain Franchise Agreement dated ____________________________, 20___ (the "**Franchise Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is domiciled in the State of Illinois, or (b) the offer of the franchise is made or accepted in the State of Illinois and the Studio that Franchisee operates under its Franchise Agreement is or will be operated in the State of Illinois.

2. . The following is added to the end of Sections 16.8 **(Waiver of Jury Trial)** and 16.9 **(Waiver of Class Actions)** of the Franchise Agreement:

> Nothing contained in this section shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois, to the extent applicable.

3. **Limitation of Actions**. Section 16.12 of the Franchise Agreement is amended by adding the following:

> However, nothing contained in this section shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois, to the extent applicable.

4. **Illinois Franchise Disclosure Act**. The following language is added to the end of the Franchise Agreement:

> Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern this Agreement.
>
> Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.
>
> Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
>
> Franchisee's rights upon termination and non-renewal of a franchise agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

STRIDE FRANCHISE SPV, LLC,
a Delaware limited liability company

By: ______________________________
Name: ____________________________
Title: _____________________________
Date: _____________________________

"FRANCHISEE"

[if an individual]

____
[Name], individually

Sign: _____________________________
Date: _____________________________

[if a legal entity]

____
[Name], a [state/type]

By: ______________________________
Name: ____________________________
Title: _____________________________
Date: _____________________________

RIDER TO THE STRIDE FRANCHISE SPV, LLC
FRANCHISE AGREEMENT
FOR USE IN MARYLAND

THIS RIDER is made and entered into by and between **STRIDE FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and ____, whose principal business address is ____________________________________ ("**Franchisee**").

1. **Background**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated __________________________, 20___ (the "**Franchise Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is a resident of the State of Maryland; or (b) the Studio that Franchisee operates under its Franchise Agreement is or will be operated in the State of Maryland; or (c) the offer to sell is made in the State of Maryland; or (d) the offer to buy is accepted in the State of Maryland.

2. **Releases.** The following is added to the end of Sections 3.2.C and 14.2 of the Franchise Agreement:

> Pursuant to COMAR 02.02.08.16L, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

3. **Insolvency**. The following is added to the end of Sections 15.1.A(2) and (3) of the Franchise Agreement:

> This Section might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

4. The following is added to the end of Sections 16.1 (**Governing Law)** and 16.6 (**Choice of Forum)** of the Franchise Agreement:

> ; provided, however, Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **Mediation and Mandatory Arbitration**. Sections 16.3 and 16.4 of the Franchise Agreement are supplemented by adding the following to the end of the Section:

> A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

6. The following is added to the end of Sections 16.8 (**Waiver of Jury Trial)**, 16.9 (**Waiver of Class Actions)** and 16.12 (**Limitation of Actions)** of the Franchise Agreement:

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

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

STRIDE FRANCHISE SPV, LLC,
a Delaware limited liability company

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

"FRANCHISEE"

[if an individual]

____
[Name], individually

Sign: ______________________________
Date: ______________________________

[if a legal entity]

____
[Name], a [state/type]

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

RIDER TO THE STRIDE FRANCHISE SPV, LLC
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA

THIS RIDER is made and entered into by and between **STRIDE FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and ______________________________, whose principal business address is ____________________________ ("**Franchisee**").

1. **Background**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated ____________________, 20___ (the "**Franchise Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Studio that Franchisee will develop under the Franchise Agreement will be located in the State of Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in the State of Minnesota.

2. **Releases.** The following is added to the end of Sections 3.2.C and 14.2 of the Franchise Agreement:

> Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. **Ownership of Marks**. The following language is added to the end of Section 4.1 of the Franchise Agreement:

> Provided Franchisee has complied with all provisions of the Franchise Agreement applicable to the Mark, Franchisor will protect Franchisee's rights to use the Marks and Franchisor will indemnify Franchisee from any loss, costs or expenses from any claims, suits or demands regarding Franchisee's use of the Marks in accordance with Minn. Stat. Sec 80C.12 Subd. 1(g).

4. **Interest and Late Charges**. The following language is added to the end of Section 5.11 of the Franchise Agreement:

> Notwithstanding the foregoing, Franchisee and Franchisor acknowledge that under Minnesota Statute 604.113 Franchisee's penalty for an insufficient funds check will be limited to $30 per occurrence.

5. **Injunctive Relief**. The following language is added to the end of Section 12.2 of the Franchise Agreement:

> Notwithstanding the foregoing, a court will determine if a bond is required to obtain injunctive relief.

6. **Renewal and Termination**. The following is added to the end of Sections 3.2 and 15.1 of the Franchise Agreement:

> However, with respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified

cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

7. **Lost Revenue Damages**. The following language is added to the end of Section 15.4.B of the Franchise Agreement:

Franchisor and Franchisee acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, Franchisor and Franchisee agree to enforce the provision to the extent the law allows.

8. **Governing Law**. The following sentence is added to the end of Section 16.1 (**Governing Law**) of the Franchise Agreement:

Nothing in this Agreement will abrogate or reduce any of Franchisee's rights under the Minnesota Statutes Chapter 80C or Franchisee's right to any procedure, forum or remedies that the laws of the jurisdiction provide.

9. **Consent to Jurisdiction**. The following sentence is added to the end of Section 16.6 (**Choice of Forum**) of the Franchise Agreement:

Notwithstanding the foregoing, Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit Franchisor, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement shall abrogate or reduce any of Franchisee's rights under Minnesota Statutes chapter 80C or Franchisee's right to any procedure, forum or remedies that the laws of the jurisdiction provide.

10. **Waiver of Punitive Damages and Jury Trial**. If and then only to the extent required by the Minnesota Franchises Law, Sections 16.7 (**Waiver of Punitive Damages)** and 16.8 **(Waiver of Jury Trial)** of the Franchise Agreement are hereby deleted.

11. **Limitation of Actions**. The following is added to the end of Section 16.12 of the Franchise Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

STRIDE FRANCHISE SPV, LLC,
a Delaware limited liability company

By: ____________________
Name: ____________________
Title: ____________________
Date: ____________________

"FRANCHISEE"

[if an individual]

____
[Name], individually

Sign: ____________________
Date: ____________________

[if a legal entity]

____
[Name], a [state/type]

By: ____________________
Name: ____________________
Title: ____________________
Date: ____________________

RIDER TO THE STRIDE FRANCHISE SPV, LLC
FRANCHISE AGREEMENT
FOR USE IN NEW YORK

THIS RIDER is made and entered into by and between **STRIDE FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and ____, whose principal business address is ____________________________________ ("**Franchisee**").

1. **Background**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated __________________________, 20___ (the "**Franchise Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) an offer to sell is made in the State of New York; or (b) an offer to buy is accepted in the State of New York; or (c) if Franchisee is domiciled in the State of New York, the Studio is or will be operated in the State of New York.

2. **Releases.** The following is added to the end of Sections 3.2.C and 14.2 of the Franchise Agreement:

> Notwithstanding the foregoing all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provision of Article 33 of the General Business Law of the State of New York and the regulations issued there under shall remain in force to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.4, as amended.

3. **Conditions for Approval of Transfer**. The following sentence is added to the end of Section 14.2 of the Franchise Agreement:

> However, to the extent required by applicable law, no assignment will be made except to an assignee who, in Franchisor's good faith judgment, is willing and financially able to assume Franchisor's obligations under this Agreement.

4. **Termination**. The following sentence is added to the end of Section 15.1 of the Franchise Agreement:

> Franchisee also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **Governing Law and Choice of Forum**. The following sentence is added to the end of Sections 16.1 (**Governing Law**) and 16.6 (**Choice of Forum**) of the Franchise Agreement:

> This section shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York General Business Law, as amended, and the regulations issued thereunder.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

STRIDE FRANCHISE SPV, LLC,
a Delaware limited liability company

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

"FRANCHISEE"

[if an individual]

____
[Name], individually

Sign: ______________________________
Date: ______________________________

[if a legal entity]

____
[Name], a [state/type]

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

RIDER TO THE STRIDE FRANCHISE SPV, LLC
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA

THIS RIDER is made and entered into by and between **STRIDE FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and ____, whose principal business address is ________________________________ ("**Franchisee**").

1. **Background**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated ________________________, 20___ (the "**Franchise Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) an offer to sell is made in North Dakota; or (b) if Franchisee is domiciled in the State of North Dakota, the Studio that Franchisee operates under its Franchise Agreement is or will be operated in the State of North Dakota.

2. **Releases.** The following is added to the end of Sections 3.2.C and 14.2 of the Franchise Agreement:

> Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **Covenants Not to Compete**. The following is added to the end of Article 13 of the Franchise Agreement:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, Franchisor will enforce the covenants to the maximum extent the law allows.

4. **Lost Revenue Damages**. The following language is added to the end of Section 15.4.B of the Franchise Agreement:

> Franchisor and Franchisee acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. Accordingly, this Section will not be enforced to the extent prohibited by applicable law.

5. **Governing Law**. Section 16.1 of the Franchise Agreement is deleted in its entirety and replaced with the following language:

> Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, and except as otherwise required by North Dakota law, this Agreement, the franchise, and all claims arising from the relationship between Franchisor and Franchisee will be governed by the laws of the State of California, without regard to its conflict of laws rules, except that any state law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section.

6. **Mediation and Mandatory Arbitration**. Sections 16.3 and 16.4 of the Franchise Agreement are supplemented by adding the following to the end of the Section:

> Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), mediation or arbitration shall be held at a site to which Franchisor and Franchisee mutually agree.

7. **Choice of Forum**. Section 16.6 of the Franchise Agreement is supplemented by adding the following to the end of the Section:

> Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, Franchisee may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

8. **Waiver of Punitive Damages**. The following is added to the end of Section 16.7 of the Franchise Agreement:

> Franchisor and Franchisee acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. However, Franchisor and Franchisee agree to enforce the provision to the extent the law allows.

9. **Waiver of Jury Trial**. To the extent required by the North Dakota Franchise Investment Law, Section 16.8 of the Franchise Agreement is deleted.

10. The following is added to the end of Sections 16.9 (**Waiver of Class Actions)** and 16.12 (**Limitations of Actions)** of the Franchise Agreement:

> The statutes of limitations under North Dakota Law applies with respect to claims arising under the North Dakota Franchise Investment Law.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

STRIDE FRANCHISE SPV, LLC,
a Delaware limited liability company

By: ___________________________________
Name: _________________________________
Title: __________________________________
Date: __________________________________

"FRANCHISEE"

[if an individual]

____
[Name], individually

Sign: __________________________________
Date: __________________________________

[if a legal entity]

____
[Name], a [state/type]

By: ___________________________________
Name: _________________________________
Title: __________________________________
Date: __________________________________

RIDER TO THE STRIDE FRANCHISE SPV, LLC
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND

THIS RIDER is made and entered into by and between **STRIDE FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and ____, whose principal business address is _______________________________________ ("**Franchisee**").

1. **Background**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated ____________________________, 20____ (the "**Franchise Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island, or (b) Franchisee is a resident of the State of Rhode Island and the Studio that Franchisee develops under its Franchise Agreement is or will be operated in the State of Rhode Island.

2. **Governing Law**. The following is added at the end of Section 16.1 of the Franchise Agreement:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act."

3. **Choice of Forum**. The following is added at the end of Section 16.6 of the Franchise Agreement:

> 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."

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

STRIDE FRANCHISE SPV, LLC,
a Delaware limited liability company

By: ___________________________________
Name: _________________________________
Title: __________________________________
Date: __________________________________

"FRANCHISEE"

[if an individual]

____
[Name], individually

Sign: _________________________________
Date: _________________________________

[if a legal entity]

____
[Name], a [state/type]

By: ___________________________________
Name: _________________________________
Title: _________________________________
Date: _________________________________

RIDER TO THE STRIDE FRANCHISE SPV, LLC
TO THE FRANCHISE AGREEMENT
AND RELATED AGREEMENTS
FOR USE IN WASHINGTON

THIS RIDER is made and entered into by and between **STRIDE FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and ____, whose principal business address is ____________________________________ ("**Franchisee**").

1. **Background**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated __________________________, 20____ (the "**Franchise Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer is directed into the State of Washington and is received where it is directed; or (b) Franchisee is a resident of the State of Washington; or (c) the Studio that Franchisee develops under its Franchise Agreement is or will be located or operated, wholly or partly, in the State of Washington.

2. **Washington ~~Amendment to the~~Law**. The following paragraphs are added to the end of the Franchise Agreement~~, Development Agreement and Statement of Prospective Franchisees and any other related documents~~ :

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

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

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

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

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

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

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

The Franchise Agreement does not waive any liability Franchisor may have under the Washington Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

2. **Site Approval Process**. The following language is deleted from Section 1.2 of the Franchise Agreement:

If Franchisor provides Franchisee with any information regarding a site for the Studio, such information is not a representation or warrant of any kind (express, implied, or collateral) of the site's suitability for a Studio or any other purpose. Franchisor's acceptance of Franchisee's proposed site is not intended to be relied on by Franchisee as an indicator of likely success, but that Franchisor believes the site meets Franchisor's then-acceptable criteria, which Franchisor has established for Franchisor's own purposes.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

STRIDE FRANCHISE SPV, LLC,
a Delaware limited liability company

By: ______________________
Name: ______________________
Title: ______________________
Date: ______________________

"FRANCHISEE"

[if an individual]

____
[Name], individually

Sign: ______________________
Date: ______________________

[if a legal entity]

____
[Name], a [state/type]

By: ______________________
Name: ______________________
Title: ______________________
Date: ______________________

~~The undersigned does hereby acknowledge receipt of this addendum.~~

~~Dated this ______________ day of __________________________________ 20______.~~

~~FRANCHISOR~~ ~~FRANCHISEE~~

EXHIBIT I

LIST OF CURRENT FRANCHISEES

~~Exhibit H~~

~~To Franchise Disclosure Document~~

LIST OF OPEN FRANCHISEES ~~AND THEIR OUTLETS~~ AS OF DECEMBER 31, ~~2021~~2022

	Franchisee	Address	City	State	~~ZIP~~Zip Code	Phone	Remaining ~~Outlets to~~ Development Rights ~~u~~Under ADA
1.	Clancy, Wendy; Cheperak, Michael	1815 E. Williams Field Rd, Suite 101	Gilbert	Arizona	85295	480-801-7464	2
2.	Scannell, Betsy	822 Spectrum Center Drive	Irvine	California	92618	949-504-8414	~~3~~0
3.	Dugally, Misa	906 Granite Dr	Pasadena	California	91101	~~626-737-8588~~626-755-5714	~~0~~4
4.	Scannell, Betsy	11980 Carmel Mountain Road, Suite 240	San Diego	California	92128	858-217-4979	0
5.	Switzer, Kevin; Switzer, Latisha	785 West Ash Street	San Diego	California	92101	~~858-345-4597~~619-230-5140	2
6.	Corless, Jeff	2745 El Camino Real	Tustin	California	92782	949-535-4050	~~0~~4
7.	~~Jessica Eilbeck~~Osuna, Andres; Osuna, Alfonso	~~1500 Beach Blvd, Suite 313~~6290 S. Main St., Unit M-102	~~Jacksonville~~Aurora	~~Florida~~Colorado	~~32250~~80016	~~904-479-0208~~720-7455-RUN	2
8.	Schiff, Michael	1006 Lake Street, Suite A	Oak Park	Illinois	60301	708-634-0992	~~2~~5
9.	Koplow, Jonathan	1515 Sheridan	Wilmette	Illinois	60091	224-470-3599	~~5~~2
10.	Cliver, Bryan	10835 Broadway Suite A122	Crown Point	Indiana	46307	219-779-8440	~~1~~0
11.	Kessinger, Brenna; Kessinger, Scott	156 Cambridge St Unit 7	Burlington	Massachusetts	1803	781-365-0084	2
12.	Echols, Michael; Echols Angela	2970 St Rose Parkway, Suite #140	Henderson	Nevada	89052	725-235-7021	2
13.	Anderson, Melissa; Hall Jeff	3901 Butler Street	Pittsburgh	Pennsylvania	15201	412-465-9991	6
14.	Carroll, Danielle	1611 West 5th Street, Suite 135	Austin	Texas	78703	737-227-5247	2
15.	Perkins, Aaron	14999 Preston Rd #112	Dallas	Texas	75254	972-677-7922	0
16.	Turnbow, Nicki	11430 Quaker Ave., Suite 1100	Lubbock	Texas	79424	806-646-4656	0
17.	~~Legg, Houston~~Perkins, Aaron	3935 S Lake Forrest Drive	McKinney	Texas	75070	469-815-7812	~~2~~0

~~LIST OF~~ FRANCHISEES THAT HAVE SIGNED FRANCHISE AGREEMENTS ~~AS OF DECEMBER 31, 2020,~~ BUT ~~WERE~~ARE NOT YET OPEN AS OF DECEMBER 31, ~~2021~~2022

	Franchisee ~~Name~~	City	State	~~Phone Number~~Contact
	~~Clancy, Wendy; Cheperak, Michael~~	~~Gilbert~~	~~AZ~~	~~wendy.clancy@cox.net~~
	~~Schibler/Smith~~	~~Scottsdale~~	~~AZ~~	~~sabrina.smith@runwithstride.com~~
	~~Lesman, Richard~~	~~El Dorado Hills~~	~~CA~~	~~richard.lesman@runwithstride.com~~
	~~Scannell, Betsy~~	~~Irvine~~	~~CA~~	~~Betsy.scannell@runwithstride.com~~
1.	Rodrigues, Mary	Manhattan Beach	~~CA~~California	mary.rodrigues@runwithstride.com
2.	Passi, Amitabh	South Bay	~~CA~~California	amitabh.passi@runwithstride.com
3.	~~Osuna, Andres~~Stewart Ronan; Stewart Verity	~~Aurora~~Longmont	~~CO~~Colorado	~~andres.osuna~~ronan.stewart@runwithstride.com
4.	~~FitzGibbons, Jim~~McQueen, Steve; Robbins, Steve	~~Dunwoody~~Indianapolis	~~GA~~Indiana	~~jim~~steve.~~fitzgibbons~~robbins@runwithstride.com
5.	~~Murphy/Resz~~Harbison, Ryan	~~Chicago~~St. Louis	~~IL~~Missouri	~~brian~~ryan.~~resz~~harbison@runwithstride.com
	~~McQueen, Steve~~	~~Indianapolis~~	~~IN~~	~~steve.mcqueen@runwithstride.com~~
6.	~~Kessinger, Brenna; Kessinger, Scott~~Harbison, Ryan	~~Burlington~~St. Louis	~~MA~~Missouri	~~brenna~~ryan.~~kessinger~~harbison@runwithstride.com
7.	~~Echols, Michael~~Weeter, Bryce	~~Henderson~~Raleigh	~~NV~~North Carolina	~~michael.echols~~bryce.weeter@runwithstride.com
8.	~~Briggs, April~~Breanna, Raymond; Max, Bauer	~~Tulsa~~Pittsburgh	~~OK~~Pennsylvania	~~april~~max.~~briggs~~bauer@runwithstride.com
	~~Jansen, Larry~~	~~Tusla~~	~~OK~~	~~larry.jansen@runwithstride.com~~
9.	Walker, John; Walker, Kim	Nashville	~~TN~~Tennessee	John.walker@~~juno~~runwithstride.com
	~~Hernandez, Hector; Lindner, Molly~~	~~Austin~~	~~TX~~	~~molly.lindner@clubpilates.com~~
	~~Perkins, Aaron~~	~~Dallas~~	~~TX~~	~~aaron.perkins@runwithstride.com~~

~~LIST OF FRANCHISEES THAT HAVE LEFT THE SYSTEM IN THE PAST FISCAL YEAR OR THAT HAVE FAILED TO COMMUNICATE WITH US IN THE 10 WEEKS PRECEDING THE ISSUE DATE OF THIS DISCLOSURE DOCUMENT~~

~~Name~~	~~City~~	~~State~~	~~Phone Number~~	~~Outlets Transferred/Closed~~
~~Dugally, Misa*~~	~~Irvine~~	~~California~~	~~949-504-8414~~	~~2~~
~~Wardell, Seth~~	~~Jacksonville~~	~~Florida~~	~~904-479-0208~~	~~1~~

~~*Please be advised that this franchisee remains in the System as it still currently owns and operates one (1) franchised Studio.~~

EXHIBIT J

LIST OF FRANCHISEES THAT LEFT THE SYSTEM OR NOT COMMUNICATED

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

LIST OF FRANCHISEES TERMINATED, CANCELED, NOT RENEWED OR FRANCHISEES WHO HAVE NOT COMMUNICATED IN PREVIOUS 10-WEEKS AS OF 12/31/2022

	Franchisee	City	State	Contact Information	
1.	Dugally, Misa	Tustin	California	949-535-4050	Transfer
2.	Eilbeck, Jessica	Jacksonville	Florida	904-479-0208	Reacquired
3.	Legg, Houston	McKinney	Texas	469- 815-7812	Transfer

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

EXHIBIT K

AREA DEVELOPMENT AGREEMENT

STRIDE FRANCHISE SPV, LLC

AREA DEVELOPMENT AGREEMENT

DEVELOPER

____

____

DATE OF AGREEMENT

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EXHIBITS

STRIDE FRANCHISE SPV, LLC
AREA DEVELOPMENT AGREEMENT

~~**THIS AREA DEVELOPMENT AGREEMENT** (the~~This Area Development Agreement (this “Agreement”)~~,~~ is made ~~and entered into this~~ __________ ~~day of~~ ________~~, 20___,~~effective as of the Effective Date by and between~~: (i) Stride Franchise~~ **STRIDE FRANCHISE SPV, LLC**, a Delaware limited liability company ~~formed and operating under the laws of the State of Delaware whose~~with its principal business address ~~is~~at 17877 Von Karman ~~Avenue~~Ave., Suite 100~~,~~ Irvine, ~~California~~CA 92614 (~~the~~ “Franchisor”)~~;~~, and ~~(ii)________________~~_~~, a/n ____________________ with a business address at~~ _______~~____________________ (the “Developer”).~~the person or entity identified as the “Developer” in the signature blocks below (“Developer”). The Effective Date is the date Franchisor signs this Agreement as shown beneath its signature hereto.

~~WITNESSETH~~RECITALS:

~~WHEREAS, Franchisor, by and through the efforts of itself and its principals/affiliates, have developed and Franchisor administers a system and franchise opportunity, including various fitness and exercise techniques and methods, trade secrets, copyrights, confidential and proprietary information and other intellectual property rights (collectively, the “System”) for the establishment and operation of fitness studios that feature running classes and instruction, as well as other authorized fitness-related services that we authorize (each, a “Studio”) identified by our then-current proprietary marks including, without limitation, Franchisor’s current mark “STRIDE” and other taglines, logos, trademarks, service marks and other indicia of source (collectively, the “Marks”), all of which Franchisor may supplement and otherwise modify as it determines appropriate in its discretion.~~

WHEREAS, ~~the System includes the Marks and~~Franchisor owns, administers and grants franchises for a system of fitness studios (the “Studios”) that are currently identified by and use the trademark “Stride” and other related trademarks and service marks designated from time to time by Franchisor (the “Marks”), that reflect distinctive interior design and display procedures, and color scheme and décor (the “Trade Dress”), and that use certain of Franchisor’s intellectual property including trade secrets, copyrights, confidential and proprietary ~~methods and information and procedures for the establishment and operation of Studios, including, without limitation, confidential manuals (collectively, the “Manual”), training methods~~information, and designated training and exercise methods and know-how, fitness equipment, furniture and fixtures, marketing, advertising and sales promotions, cost controls, accounting and reporting procedures, and personnel management~~, distinctive interior design and display procedures, and color scheme and décor (collectively, the “Trade Dress”).~~ systems (together with the Marks and Trade Dress, the “System”). Studios offer specialized instruction and related services that Franchisor authorizes from time to time and offer and sell certain merchandise and other products Franchisor authorizes for sale from time to time.

WHEREAS, based on Developer’s own investigation and diligence, Developer has requested that Franchisor grant Developer the right to acquire multiple franchises (each a “Franchise”) for the development and operation of Studios (the “Development Rights”) in a defined geographic area (the “Development Area”) pursuant to an agreed upon schedule (the “Development Schedule”) set forth in this Agreement and, to support Developer’s request, Developer and, if applicable, its owners have provided Franchisor with certain information about its and their background, experience, skills, financial condition and resources (collectively, the “Application Materials”). In reliance on, among other things, the Application Materials, Franchisor is willing to grant Developer the Development Rights on the terms and conditions contained in this Agreement.

~~WHEREAS, Franchisor grants to qualified persons who are willing to undertake the required investment and effort, a franchise to own and operate a Studio offering (i) proprietary running classes and instruction on designated equipment, as well as other fitness-related classes and services that Franchisor authorizes (collectively, the "Approved Services"), which may include a proprietary training program that individuals that wish to provide running instruction to Studio clientele (each, an "Authorized Coach") as an authorized coach (the "Authorized Coach Program"), and (ii) certain merchandise and other products Franchisor authorizes for sale in conjunction with the Approved Services and Studio operations (collectively, the "Approved Products"), all while utilizing the System and Marks.~~

~~WHEREAS, Developer desires the right to develop, own and operate multiple Studios under the System in a defined geographic area under a Development Schedule (the "Development Schedule") set forth in this Agreement; and~~

~~WHEREAS, Developer acknowledges that Developer has conducted an independent investigation of the business contemplated by this Agreement and recognizes that, like any other business, the nature of the business conducted as a Studio may evolve and change over time, that an investment in a Studio involves a business risk and the success of the venture is largely dependent upon Developer's business abilities and efforts.~~

NOW, THEREFORE, ~~the parties,~~ in consideration of ~~the mutual undertakings and commitments set forth in this Agreement, the~~and reliance on the foregoing Recitals (which are incorporated herein by reference), the agreements described below, and other valuable consideration, receipt and sufficiency of which are ~~hereby~~ acknowledged, the parties agree as follows:

~~1. REFERENCES AND DEFINITIONS~~

~~A. DEVELOPMENT AREA~~

~~"Development Area" means the geographic area described in Exhibit A.~~

~~B. DEVELOPMENT SCHEDULE/DEVELOPMENT PERIOD~~

~~"Development Schedule" means the schedule for Developer to open and operate a specific cumulative number of Studios as set forth in Exhibit B to this Agreement. Each "Development Period" is a period of time set forth in the Development Schedule wherein Developer must meet each specific development obligations.~~

~~C. FRANCHISE AGREEMENT~~

~~Except for the royalty fee and the advertising contributions, which shall remain the same in each franchise agreement executed pursuant to this Agreement and any extensions of this Agreement, the term "Franchise Agreement" means the then-current form of agreements (including the franchise agreement and any exhibits, riders, collateral assignments of leases or subleases, shareholder guarantees and preliminary agreements) that Franchisor customarily uses in the granting of a franchise for the ownership and operation of a Studio.~~

~~Concurrent with the execution of this Agreement, Developer shall execute the Franchise Agreement for the first Studio that Developer is granted the right to open within the Development Area hereunder. Franchisor, in its sole discretion, but subject to the express provisions contained herein, may modify or amend in any respect the standard form of Franchise Agreement it customarily uses in granting a franchise for a Studio.~~

~~The parties agree and acknowledge that: (i) Developer must timely execute Franchisor's then-current form of Franchise Agreement for each Studio that Developer is required to open and commence operating pursuant to the Development Schedule; and (ii) Franchisor may, in its discretion, modify or amend the form of Franchise Agreement that Franchisor is using as of the date this Agreement is executed as it deems appropriate for (a) use in the System generally, and (b) execution by the parties in connection with the Studios that Developer must subsequently open and commence operating under this Agreement.~~

1. ~~D.~~ OWNERSHIP; PRINCIPALS

If Developer is not a natural person (a "Business Entity"), Developer agrees, represents and warrants to Franchisor that: (1) it was validly formed and is and will maintain, throughout the Term (defined in Section 2.A below), its existence and good standing under the laws of the state of its formation and qualified to do business in the jurisdictions covered by the Development Area; (2) Exhibit A to this Agreement describes all of Developer's owners and their interests in Developer as of the Effective Date; (3) each of Developer's owners that has direct or indirect ownership of at least 10% of the ownership interests in Developer (each a "Principal"), and their spouse, will sign and deliver to Franchisor its then-standard form of Guarantee, Indemnification, and Acknowledgment (the "Guaranty"), the current form of which is attached as Exhibit B hereto; (4) the only business Developer will own or operate during the Term will be the exercise of the rights granted to it under this Agreement and any other agreement between it and Franchisor or its successors and assigns; and (5) at Franchisor's request, Developer will furnish Franchisor true and correct copies of all documents regarding Developer's formation, existence, standing, and governance.

~~The term "Principals" includes, collectively and individually, Developer's owners; if Developer is an entity, any officers and directors of Developer (including the officers and directors of any general partner of Developer) and any person and of any entity directly owning and/or controlling ten percent (10%) or more of Developer, or a managing member or manager of a limited liability company. The initial Principals shall be listed in Exhibit D. The Principals must execute an agreement in substantially the form of the attached Guaranty and Assumption of Obligations (immediately following this Agreement) undertaking to be bound jointly and severally to all provisions of this Agreement.~~

~~2. USE OF SYSTEM~~

~~Developer acknowledges, and does not contest, Franchisor's exclusive ownership and rights to each and every aspect of the System. Developer's right to developer Studios is specifically limited to the Development Area, as well as the terms and conditions of this Agreement and Franchise Agreements executed pursuant thereto.~~

2. ~~3.~~ GRANT OF DEVELOPMENT RIGHTS

A. **Grant and Term.** Franchisor grants Developer the Development Rights, which must be exercised in strict compliance with this Agreement. The Development Rights may be exercised from the Effective Date and, unless sooner terminated as provided herein, continuing through the earlier of (1) the date on which the last Studio, which is required to be opened in order to satisfy the Development Schedule, opens for regular business, or (2) the last day of the last Development Period (defined in Section 2.C) (collectively, the "Term"). Developer accepts the grant of the Development Rights and agrees to, at all times, faithfully, honestly, and diligently perform its obligations under this Agreement and fully exploit the Development Rights during the Term and throughout the entire Development Area. Developer may not subcontract or delegate to any third parties any of its rights or obligations under this Agreement.

B. **Development Area; Reservation Of Rights**. The Development Rights may only be exercised for Studios to be located in the Development Area identified on Exhibit A hereto. As long as Developer is in compliance with this Agreement and except with respect to Non-Traditional Locations (defined below), Franchisor will not, during the Term, (1) operate, or grant the right to anyone else to operate, a Studio within the Development Area, or (2) grant Development Rights to anyone else to develop Studios within the Development Area. A "Non-Traditional Location" is (a) any location that is situated within or as part of a larger venue or facility and, as a result, is likely to draw the predominance of its customers from those persons who are using or attending events in the larger venue or facility (for example, "big box" gyms and/or fitness facilities, cruise ships, military bases, shopping malls, airports, sports facilities and stadiums, industrial or office complexes, hotels, train stations and other transportation facilities, travel plazas, casinos, hospitals, theme parks, convention centers, colleges/universities, multi-unit residential properties, and other similar captive market locations).

~~A.~~ **~~GRANT AND TERM~~**

~~In reliance on the representations and warranties of Developer and its Principals, Franchisor grants to Developer, and Developer hereby accepts the right and obligation to develop, a designated number of Studios within the Development Area in full compliance with the terms of this Agreement, including the timely development obligations to open a specific cumulative number of Studios over prescribed periods of time as established in the Development Schedule; and in full compliance with all obligations and provisions under the form(s) of Franchise Agreement entered into for the right to own and operate each individual Studio.~~

~~The term of this Agreement shall commence upon full execution of this Agreement and, unless earlier terminated by Franchisor pursuant to the terms hereof, this Agreement shall expire upon the earlier of: (i) the date Developer timely opens the last Studio it is required to open and commence operations within the Development Area pursuant to this Agreement; or (ii) the last day of the last Development Period on the Development Schedule. Developer acquires no rights under this Agreement to develop Studios outside the Development Area. Upon expiration or termination of this Agreement for any reason, Developer will have no rights whatsoever within the Development Area (other than any territorial rights that Franchisor has granted to Developer in connection with any Studio(s) that Developer has timely opened pursuant to a Franchise Agreement as required by the Development Schedule prior to the date this Agreement is terminated or expires).~~

~~B.~~ **~~COMMITMENT OF DEVELOPER~~**

~~Franchisor has granted these rights in reliance on the business skill, financial capability, personal character and expectations of performance by the Developer and its Principals. This Agreement is for the purpose of developing and operating the Studios, and is not for the purpose of reselling the rights granted by this Agreement.~~

~~**C. DEVELOPMENT PLAN**~~

~~The following conditions and approvals are conditions precedent before the right of Developer to develop each Studio becomes effective. At the time Developer selects a site for each Studio, Developer must satisfy the operational, financial and training requirements, set forth below:~~

~~(1) Operational: Developer must be in substantial compliance with the material terms and conditions of this Agreement and all Franchise Agreements granted Developer. For each Studio operated by Developer, Developer must be in substantial compliance with the standards, specifications, and procedures set forth and described in the Manuals (defined in the Franchise Agreement).~~

~~(2) Financial: Developer and the Principals must satisfy Franchisor's financial criteria for Developers and Principals with respect to Developer's operation of its existing Studios, if any, and the proposed Studio. Developer must be in compliance and not been in default during the twelve (12) months preceding Developer's request for approval, of any monetary obligations of Developer to Franchisor or its affiliate under any Franchise Agreement granted under this Agreement.~~

~~**D. EXECUTION OF FRANCHISE AGREEMENT**~~

~~This Agreement is not a Franchise Agreement and does not grant Developer any right or license to operate a Studio, or to provide services, or to distribute goods, or any right or license in the Proprietary Marks. Developer must timely execute Franchisor's then-current form of Franchise Agreement for each Studio that Developer is required to open under the Development Schedule.~~

~~**4. DEVELOPMENT RIGHTS AND OBLIGATIONS**~~

~~**A. RESERVATION OF RIGHTS**~~

~~Franchisor (on behalf of itself and its affiliate(s), parent(s) and subsidiaries) retains the rights, in its sole discretion and without granting any rights to Developer: (1) to itself operate, or to grant other persons the right to operate, STRIDE Studios at locations and on terms Franchisor deems appropriate outside the Development Area granted Developer, and (2) to sell the products and services authorized for STRIDE Studios under the Proprietary Marks or under other trademarks, service marks and commercial symbols through dissimilar channels of distribution and under terms Franchisor deems appropriate within and outside the Development Area, including, but not limited to, by electronic means, such as the Internet, and by web sites established by Franchisor, as we determine, in our sole discretion.~~

~~In addition, Franchisor, any other developer and any other authorized person or entity shall have the right, at any time, to advertise and promote the System, in the Development Area. Developer acknowledges and agrees that Developer is only granted the right to develop and operate STRIDE Studios within the Development Area. Accordingly, within and outside the Development Area,~~

~~Franchisor and its affiliate and its subsidiaries may also offer and sell, and may authorize others to offer and sell products and services identified by the Proprietary Marks (including memberships and gift cards) at or from any location.~~

For the avoidance of doubt, Franchisor reserves for itself and its affiliates~~(s)/parent(s) further reserve the right to~~ all rights not expressly granted to Developer in this Agreement and the right to do all things that Franchisor does not expressly agree in this Agreement not to do, in each case, without regard to proximity to the Development Area and without any compensation to Developer, and on such terms and conditions as Franchisor deems appropriate. Without limitation, Franchisor and its affiliates may, themselves or through authorized third parties (and Developer is not granted the right to): (~~i~~a) ~~establish~~open and operate, and license ~~any~~ third part~~y~~ies the right to ~~establish and~~open or operate, ~~other~~ Studios ~~and Franchised Businesses using~~utilizing the Marks and System ~~at any location~~ outside ~~of~~the Development Area; (~~ii~~b) market, offer and sell products and services ~~that are~~ similar to ~~the products and services~~those offered by ~~the~~Studios (such as private label products that Franchis~~ed~~or ~~Business~~may develop and training programs) under a different trademark or trademarks at any location, both within or outside the Development Area; (~~iii~~c) use the Marks and System, as well as any other ~~such~~ marks ~~we~~Franchisor may designate, to distribute ~~any Approved P~~products and~~/or~~ ~~S~~services ~~in any~~through alternat~~iv~~e channels of distribution, ~~within or outside the Development Area (~~including without limitation, via the Internet~~, mail order~~ and other e-commerce channels, catalog sales, ~~toll-free numbers, wholesale stores, etc.); (iv) to acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to the Approved Products and Services (but under different marks),~~direct mail or wholesale, anywhere either within or outside the Development Area; (~~v) operate and grant others the right to operate Studios at "Non-Traditional Locations," including (a) "big box" gyms and/or fitness facilities operating under a mark other than the Proprietary Marks, (b) military bases, (c) shopping malls, (d) airports, stadiums, arenas and/or other sports, entertainment and captive venues, (e) major industrial or office complexes, (f) hotels, (g) train stations, travel plazas and/or other transportation centers, (h) casinos, hospitals and/or academic institutions, that are within~~d) acquire, or be acquired by, or merge with, any company, including a company operating or licensing one or more businesses offering products or services similar to those offered by any Studio located within or outside the Development Area, and subsequently operate (or license a third-party the right to operate) these businesses and allow them to incorporate certain elements of the System (excluding the Marks and Trade Dress) regardless of location; (e) develop or become associated with and engage in other businesses, including other fitness concepts and systems, and/or award franchises under such other concepts for locations anywhere, including inside and outside of the Development Area~~, on any terms and conditions we deem appropriate~~; ~~and~~ (~~vi~~f) use the Marks and System, and license others to use the Marks and System, to engage in any other activities not expressly prohibited by this Agreement; and (g) open and operate, or license third parties the right to open or operate, Studios at Non-Traditional Locations both within and outside the Development Area.

C. **Development Schedule**. The Development Schedule is set forth on Exhibit A hereto. Each period described in the Development Schedule is a "Development Period." Developer (or its approved affiliate) must open and operate Studios in the Development Area, each pursuant to a written franchise agreement and related agreements signed by Franchisor and a franchisee (each a "Franchise Agreement"), as necessary to satisfy the requirements of each Development Period, but Developer shall not be required to open, in total, more than the cumulative number of Studios shown for the last Development Period. The Development Schedule is not a representation (express or implied) by Franchisor that the Development Area can support, or that there are or will be sufficient sites for, the number of Studios specified in the Development Schedule or during any particular Development Period. Franchisor is relying on Developer's knowledge and expertise of the Development Area and Developer's representation that it has conducted its own independent investigation and has determined that it can satisfy the development obligations under each Development Period of the Development Schedule.

~~Franchisor may be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and similar services to those provided at a Studio, or by another business, even if such business operates, franchises and/or licenses competitive businesses within the Development Area granted by the Area Development Agreement and within the Designated Territory granted by a Franchise Agreement.~~

~~Franchisor has the right to own, operate and license others to own and operate other business concepts in and outside the Development Area consistent with the terms of this Section.~~

~~Franchisor has no obligation and will not pay Developer if it exercises any of the rights specified above within the Development Area granted by the Area Development Agreement or within the Designated Territory granted by a Franchise Agreement.~~

~~**B. RIGHTS DURING DEVELOPMENT PERIODS**~~

~~Subject to Section 4(A) and the other terms of this Agreement, if Developer (i) is in compliance with the material terms and conditions contained in this Agreement, including the timely development obligations to open a specific cumulative number of Studios over prescribed periods of time as established in Exhibit B (the "Development Schedule"), and (ii) is in substantial compliance with all material obligations under Franchise Agreements executed by Developer for individual Studios under this Agreement; then during the Development Schedule, Franchisor: (i) will grant Developer the right to own and operate Studios located within the Development Area pursuant to the terms of this Agreement; and (ii) will not operate (directly or through its affiliate), nor grant a franchise for the location of, any Studio within the Development Area, except for franchises granted to Developer under this Agreement.~~

~~If Developer, for any reason within his control, fails to comply with the Development Schedule, this failure constitutes a material default of this Agreement, and Franchisor has the right to terminate this Agreement pursuant to Section 14 of this Agreement. In the event Developer fails to cure the noticed default within the time allowed under Section 14, Franchisor may terminate this Agreement and grant individual or area development franchises within the Development Area to third parties or own and operate Studios owned by Franchisor or by the affiliate of Franchisor. Franchisor and Developer agree that the timely development of Studios by Developer in compliance with the Development Schedule will control the rights granted Developer by this Agreement, regardless of the time period granted Developer to open a Studio pursuant to a Franchise Agreement for such Studio. Upon termination of this Agreement, all rights granted Developer revert to Franchisor, who is free to franchise any other person to~~

~~use the System within the Development Area or to itself own and operate Studios within the Development Area.~~

Notwithstanding anything contained in this Section, Franchisor will provide Developer with a one-time reasonable extension of time not to exceed ~~ninety (~~90~~)~~ days to comply with its development obligations in any one of the Development Period as set forth in the Development Schedule (see Exhibit ~~B~~A), provided: (i) Developer has already executed a lease for, or otherwise obtained, a ~~Premises~~Site (defined in Section 2.D below) that Franchisor approves for any Studio(s) it is required to open and operate during that Development Period; and (ii) Developer notifies Franchisor of its need for such an extension no less than ~~thirty (~~30~~)~~ days prior to expiration of that Development Period. The parties agree and acknowledge that Franchisor's grant of this one-time extension under this Section will not extend, modify or otherwise affect the expiration of any of Developer's subsequent Development Periods or subsequent development obligations.

D. **Locating Sites for Studios**. Despite any assistance Franchisor may provide, Developer is entirely responsible to locate and present to Franchisor proposed sites for Studios in the Development Area as necessary to comply with the Development Schedule (each a "Site"). Developer agrees to give Franchisor all information and materials it requests to assess each proposed Site as well as Developer's and its proposed affiliate's financial and operational ability to develop and operate a Studio at the proposed Site. Franchisor has the absolute right to reject any site or any affiliate (a) that does not meet Franchisor's criteria or (b) if Developer or its affiliates are not then in compliance with any existing Franchise Agreements executed pursuant to this Agreement or operating its or their Studios in compliance with the mandatory specifications, standards, operating procedures and rules that Franchisor periodically prescribes for operating Studios. Franchisor agrees to use its reasonable efforts to review and evaluate the proposed Sites within 30 days after it receives all requested information and materials. If Franchisor accepts a proposed Site, Developer (or its approved affiliate) must timely sign a separate Franchise Agreement for the Site as described in Section 2.E below.

E. **Execution of Franchise Agreements**. Simultaneously with the execution of this Agreement, Developer (or its approved affiliate) must sign and deliver to Franchisor a Franchise Agreement and related documents representing the first Franchise Developer is obligated to acquire under this Agreement. Developer (or its approved affiliate) must thereafter open and operate a Studio according to the terms of that Franchise Agreement. Thereafter, once Franchisor has accepted a Site, and prior to signing a lease or to otherwise securing possession of the Site, Developer (or its approved affiliate) must sign Franchisor's then-current form of Franchise Agreement and related documents, the terms of which, with the exceptions provided hereunder, may differ substantially from the terms contained in the form of Franchise Agreement Franchisor is using to grant Franchises on the Effective Date, except that the percentage of Gross Sales on which Royalty Fees is calculated will be the same as expressed in the first Franchise Agreement signed concurrently with the execution of this Agreement. Each Franchise Agreement will govern the development and operation of the Studio at the accepted Site identified therein. Franchisor may refuse to issue and enter into a Franchise Agreement if (a) in its sole discretion, it has not approved Developer's proposed affiliate, (b) Developer has not established to Franchisor's satisfaction that it has the operational and financial capacity to develop and operate the proposed Studio, (c) Developer and its affiliates are not then in compliance with any agreements to which they are a party with Franchisor or its affiliates, (d) Developer or its affiliates have failed to pay any amounts owed to Franchisor or its affiliates during the preceding 12 months, or (e) Developer or its approved affiliates and their respective owners fail to sign and return to Franchisor the Franchise Agreement and all ancillary agreements and required fees within 15 days following Franchisor's delivery of the execution of copy of the Franchise Agreement to Developer or its approved affiliate.

~~**C.** **DEVELOPMENT OBLIGATIONS**~~

~~Developer will at all times faithfully, honestly, and diligently perform his obligations under this Agreement and will continuously exert his best efforts to timely promote and enhance the development of Studios within the Development Area. Developer agrees to open and operate the cumulative number of Studios at the end of each Development Period set forth in the Development Schedule (see Exhibit B). Developer agrees that compliance with the Development Schedule is the essence of this Agreement.~~

~~**D.** **EXPIRATION OR TERMINATION**~~

~~After this Agreement expires or terminates for any reason, Franchisor shall have the absolute right to own and operate, or license other parties the right to own and operate Studios, in the~~

~~Development Area, except in those Designated Territories granted under each Franchise Agreement that Developer enters into pursuant to this Agreement.~~

3. ~~5.~~ STUDIO CLOSINGS

If~~ during the term of this Agreement, Developer ceases to operate any Studio developed under this Agreement for any reason, Developer must develop a replacement Studio to fulfill Developer's obligation to have open and in operation the required number of Studios upon the expiration of each Development Period. The replacement Studio must be open and in operation within nine (9) months after Developer ceases to operate the Studio to be replaced or Developer will be in material breach of this~~, with Franchisor's permission, Developer (or its approved affiliate) permanently closes any of its Studios, the closed Studio will count toward satisfaction of the Development Schedule only if (a) as of the end of the Development Period in which the Studio closes, Developer and its affiliates are otherwise in compliance with this Agreement, all Franchise Agreements executed pursuant to this Agreement, and all other agreements with Franchisor or its affiliates, and (b) within nine (9) months after Franchisor grants its permission for the closed Studio to close, Developer (or its approved affiliate) develops and commences operation of a replacement Studio in compliance with an applicable Franchise Agreement. If, during the ~~t~~Term~~ of this Agreement~~, Developer~~,~~ transfers a Studio in accordance with the ~~terms of any~~transferred Studio's Franchise Agreement~~ for a Studio developed under this Agreement, transfers its interests in that Studio, a~~, the transferred Studio shall continue to be counted in determining ~~whether the~~ Developer's ~~has ~~complied~~ed~~ance with the Development Schedule so long as it continues to be operated as a Studio. If, at any time, the transferred Studio ceases to be operated as a Studio, it will not count toward ~~Developer's compliance with~~satisfaction of the Development Schedule.

~~6. PROCEDURE FOR EXERCISING DEVELOPMENT RIGHTS~~

~~Developer shall enter into a separate Franchise Agreement with Franchisor for each Studio developed pursuant to this Agreement. The Franchise Agreement to be executed for the first Studio to be developed by Developer under this Agreement must be executed and delivered to Franchisor concurrently with the execution and delivery of this Agreement. All subsequent Studios developed under this Agreement must be established and operated under the then-current form of Franchise Agreement then being used by Franchisor for Studios under the System. The then-current form of Franchise Agreement may differ from the form attached as Exhibit C; however, the provisions regarding royalty fees and advertising contributions shall remain as established in Exhibit C. Developer must execute the then-current form of Franchise Agreement for each Studio to be developed under this Agreement~~

~~Developer acknowledges that the projected opening dates for each Studio set forth in the Development Schedule are reasonable requirements. Developer must execute a Franchise Agreement for each Studio by the earlier of: (i) fifteen (15) days from the date a lease is signed for a location that Franchisor approves for the Studio at issue; and (ii) the date necessary for Developer to otherwise comply with its development obligations under this Agreement.~~

~~7. DUTIES OF DEVELOPER~~

~~A. ORGANIZATION OF DEVELOPER~~

~~Developer makes the following representations, warranties and covenants and accepts the following continuing obligations:~~

~~(1) If Developer is a corporation, limited liability company or a partnership, Developer represents, warrants and covenants that: (i) Developer is duly organized and validly existing under the state law of its formation; (ii) Developer is duly qualified and is authorized to do business in each jurisdiction which requires such qualification; (iii) the execution and performance of this Agreement are within Developer's corporate power, if Developer is a corporation or if Developer is a partnership permitted under Developer's written partnership agreement, or if Developer is a limited liability company, permitted under the management agreement;~~

~~(2) If Developer is a corporation, copies of its articles of incorporation, bylaws, other governing documents, any amendments, resolutions of the Board of Directors authorizing entry into and performance of this Agreement, shall be promptly furnished to Franchisor. If Developer is a partnership, copies of Developer's written partnership agreement and other governing documents shall be promptly furnished to Franchisor before the execution of this Agreement. If Developer is a limited liability company, copies of Developer's organizational documents and management agreement shall be promptly furnished to Franchisor;~~

~~(3) If Developer is a corporation, partnership, limited liability company, or other form of legal entity other than an individual, Developer shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in Developer or, if Developer is a partnership, Developer shall maintain at all times a current list of all owners of an interest in the partnership, or, if Developer is a limited liability company, it shall maintain at all times a current list of managers and members of the limited liability company;~~

~~(4) If, after the execution of this Agreement, any person ceases to qualify as one of the Developer's Principal's (as defined in Section 1), or if Developer believes in the event any individual later qualifies as one of Principals, Developer shall promptly notify Franchisor and that person shall execute any documents (including, as applicable, this Agreement) as Franchisor may reasonably require;~~

~~(5) If Developer is a corporation, Developer must maintain stop-transfer instructions against the transfer of its records of any equity security and each stock certificate of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to Franchisor that it is held subject to all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section 7 shall not apply to a publicly held corporation. If Developer is a partnership, its written partnership agreement shall provide that ownership of an interest in the partnership is held subject to and that further assignment or transfer is subject to restrictions imposed on assignments by this Agreement. If Developer is a limited liability company, its articles of organization and operating agreement must provide that ownership interests are subject to restrictions on transfers imposed on assignments by this Agreement;~~

~~(6) Developer agrees to maintain at all times throughout the term of this Agreement, sufficient working capital to fulfill its obligations under this Agreement; and~~

~~(7) Each Principal who has right, title, or interest of ten percent (10%) or more in the ownership of Developer, must each execute and bind themselves to the confidentiality and noncompetition covenants set forth in the Confidentiality Agreement and Ancillary Covenants Not to~~

~~Compete (Exhibit E). The Principals agree to jointly and severally guarantee the performance of all of Developer's obligations, under the terms of this Agreement, except the obligation to open Studios.~~

~~B. REQUIREMENTS OF REPRESENTATIVE~~

~~Upon the execution of this Agreement, Developer must designate and retain an individual throughout the term of this Agreement to act on behalf of Developer in all transactions with Developer concerning Developer's obligations under this Agreement (the "Representative"). If Developer is an individual, Developer must perform all obligations of the Representative. The Representative must use reasonable efforts to do the following, during the entire period he serves in that capacity: (1) maintain a direct or indirect ownership interest in the Developer; (2) devote substantial time and reasonable efforts to the supervision and conduct of the business contemplated by this Agreement and execute this Agreement as one of the Principals; and (3) meet Franchisor's standards and criteria for a Representative as set forth in the Manuals or otherwise in writing by Franchisor. If the Representative or any designee is not able to continue to serve in the capacity of Representative or no longer qualifies, Developer must promptly notify Franchisor and designate a replacement.~~

~~C. BEST EFFORTS~~

~~Developer must use his best efforts to substantially comply with all requirements of federal, state and local rules, regulations and orders.~~

~~8. SITE SELECTION, LEASES, FRANCHISE AGREEMENT~~

~~A. SELECTION OF SITE BY DEVELOPER~~

~~Developer assumes all costs, liabilities, expenses and responsibilities for locating, obtaining, financing and developing sites for Studios, and for constructing and equipping Studios at those sites. The selection of a site and the development of a Studio at any site is the responsibility of Developer. The selection of a site by Developer is subject to our approval and must be in compliance with Franchisor's site selection procedures and its standards for demographic characteristics, parking, traffic patterns and the predominant character of the neighborhood, and other commercial characteristics of the site and any other factors Franchisor may consider relevant in reviewing a site selected by Developer. Developer must not enter into a binding commitment with a prospective seller or lessor of real estate with respect to the site for a Studio until Franchisor has approved the proposed site. Developer specifically acknowledges that the selection of a site by Developer in compliance with Franchisor's site selection procedures and the approval of a site by Franchisor does not constitute a representation, promise or guarantee by Franchisor that the site and the Studio to be operated at that site will be profitable or successful. Developer acknowledges that factors governing the success of a Studio are unpredictable and beyond Franchisor's control. Franchisor is not responsible to Developer or to any other person or entity if a site approved by Franchisor fails to meet Developer's expectations for revenue or operational criteria.~~

~~B. DEMOGRAPHIC INFORMATION~~

~~Before acquiring a site for any Studio by lease or purchase, Developer must locate a site for the Studio that satisfies the site selection guidelines Franchisor provides to Developer and must submit to Franchisor, in the form Franchisor specifies, a description of the site, a demographic study and other~~

~~information and materials Franchisor may reasonably require and shall represent in writing that Developer has the option or other firm commitment to obtain the site. Franchisor will review information provided by Developer for the site which may include the population of the work force or residents, character of the neighborhood, household income, ingress and egress, and trade area. If on-site evaluations by Franchisor are requested by Developer or determined to be necessary by Franchisor, then Franchisor or its designee will, at Franchisor's expense, provide a single on-site inspection in connection with each Studio that Developer is required to open hereunder at Franchisor's expense. Developer must reimburse Franchisor for the reasonable expenses Franchisor incurs for any additional on-site evaluations, including, but not limited to, the cost of travel, lodging, meals and wages of Franchisor's representatives and employees.~~

~~**C. LEASE OR PURCHASE OF SITE**~~

~~Developer shall not make any binding commitment to purchase or lease real estate for a proposed site for a Studio until the proposed site has been approved by Franchisor and a Franchise Agreement has been executed by Franchisor and Developer (or its affiliate) for a Studio at such site. Developer shall provide Franchisor with a copy of either the proposed contract of sale or lease relating to the site before the Franchise Agreement is executed. Developer must comply with the conditions set forth in the Franchise Agreement at issue in connection with the signing of such a lease, including ensuring that both Developer and the landlord for the proposed site execute Franchisor's prescribed from of Collateral Assignment of Lease. Developer must use any approved or designated suppliers that Franchisor designates in connection with the site selection and acquisition process.~~

~~**D. FRANCHISE AGREEMENT**~~

~~Franchisor will deliver a Franchise Agreement, in the then-current form, to Developer for execution by Developer (or its affiliate). With the execution of this Agreement, Developer must concurrently execute the Franchise Agreement establishing Developer's first Studio and return both this Agreement and the Franchise Agreement to Franchisor. If Developer fails to execute the Franchise Agreement, Franchisor may, at its sole discretion, revoke its approval of the site and its offer to grant Developer a franchise to operate a Studio at the site.~~

4. ~~9.~~ DEVELOPMENT FEE

Concurrently with the execution of this Agreement, Developer must pay to Franchisor a nonrecurring and nonrefundable area development fee equal to ~~$____________________~~the amount shown on Exhibit A hereto (the "Development Fee"). The Development Fee is deemed fully earned by Franchisor upon execution of this Agreement in consideration of lost development opportunities and is nonrefundable under any circumstances. For each Franchise Agreement applicable to the Studios Developer ~~will~~is required to open in satisfaction of the Development Schedule, Developer shall not be required to pay ~~any additional~~the initial franchise fee ~~for~~under each ~~Studio opened pursuant to this Agreement upon executing a~~ Franchise Agreement ~~for that Studio~~so long as Developer and its affiliates are in compliance with this Agreement and all other agreements with us, including each Franchise Agreement.

~~**10. SUPERIORITY OF INDIVIDUAL FRANCHISE AGREEMENT**~~

~~Developer understands and agrees that any and all individual Franchise Agreements executed by Developer and Franchisor for Studios within the Development Area are independent of this Agreement. The continued effectiveness of any Franchise Agreement does not depend on the continued effectiveness~~

~~of this Area Development Agreement. If any conflict arises with this Agreement and any Franchise Agreement, the Franchise Agreement controls, has precedence and superiority (except with respect to the opening deadline for each Studio that Developer is granted the right to open under this Agreement, which will always be governed by the Development Schedule).~~

~~11. COVENANTS~~

~~A. Developer and the Representative covenant that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Developer and the Representative must devote substantial time, energy and best efforts to the management and operation of the development activities required under this Agreement.~~

~~B. Developer acknowledges that, as a participant in Franchisor's System, Developer will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques that Franchisor has developed. As such, Developer agrees to the covenants in this Section to protect Franchisor, the System, Proprietary Marks and Franchisor's other franchisees and developers.~~

~~(1) During the term of this Agreement, neither Developer, its Principals, owners, officers or guarantors, nor any immediate family of Developer, its Principals, owners, officers or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:~~

~~(a) Own, maintain, engage in, be employed or serve as an officer, director, or principal of, lend money or extend credit to or have any interest in or involvement with, any: (i) running studio or other fitness, exercise or personal training business; (ii) any fitness, exercise or personal training marketing or consulting business; (iii) any business offering products of a similar nature to those of the Studio (each, a "Competing Business"); or (iv) offers or grants licenses or franchises, or establishes joint ventures, for the ownership or operation of a Competing Business. For purposes of this Agreement, a Competing Business does not include: (A) any business operated by Developer under a Franchise Agreement with Franchisor; or (B) any business operated by a publicly-traded entity in which Developer owns less than two percent (2%) legal or beneficial interest~~

~~(b) Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates or any other System franchisee or developer, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or~~

~~(c) Divert, or attempt to divert, any prospective customer to a Competing Business in any manner.~~

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

~~(3) For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Developer, its Principals, owners, officers and guarantors, nor any member of the immediate family of Developer, its Principals, owners, officers or~~

~~guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:~~

5. NO LICENSE TO THE MARKS

Notwithstanding any provision to the contrary under this Agreement, this Agreement does not grant Developer (or any of its affiliates) any right to use the Marks. The right to use the marks is granted only under Franchise Agreements. Developer (and its affiliates) may not use any Mark as part of any corporate or trade name or as its (or their) primary business name or with any prefix, suffix or other modifying words, terms, designs, symbols or in any modified forms.

6. COVENANTS REGARDING COMPETITIVE ACTIVITIES

A. Noncompetition Restrictions ~~(a)~~ .Developer acknowledges that, under each Franchise Agreement executed pursuant to this Agreement, the Restricted Parties (as defined in the Franchise Agreements) are subject to certain restrictions and covenants regarding activities which are deemed competitive with those of Franchisor, including restrictions regarding Competing Businesses, as that term is defined in the Franchise Agreement (the "Noncompetition Restrictions"). Developer acknowledges and agrees that it and its owners are subject to, and will comply with, all of the Noncompetition Restrictions described in the Franchise Agreements, each of which is adopted herein as though copied in its entirety. Developer further agrees that, in addition to any obligations with respect to Noncompetition Restrictions under the Franchise Agreements, for two (2) years after the expiration or sooner termination of this Agreement or after Developer or an owner of Developer has assigned its interest in this Agreement or in Developer (as applicable), the Restricted Parties or the transferring owner (as applicable) shall not ~~O~~own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to, lease/sublease space to, provide services to, or have any interest in or involvement with, any other Competing Business: (~~i~~a) within the Development Area; ~~or~~ (~~ii~~b) within ~~a forty (40)~~10 miles ~~radius of the perimeter~~outside the boundaries of the Development Area ~~being granted hereunder or any other designated territory or development area licensed by Franchisor to a Studio (whether franchised or company-owned) at any time from the date of expiration or termination of this Agreement through the date Franchisee attempts to undertake the competitive activity at issue; or~~, or (c) within a 10-mile radius of any Studio that is open, under lease or otherwise under development as of the date this Agreement expires or is terminated or, as to a transferring owner, the date of such transfer.

B. Enforcement of Covenants. ~~(b) Solicit business from customers of Developer's former Studios or contact any of Franchisor's suppliers or vendors for any competitive business purpose; or~~

Developer agrees that: (a) the restrictions contained and described in this Article 6 are reasonable and necessary to protect the legitimate interests of the System and Franchisor, (b) the existence of any claims it may have against Franchisor, whether or not arising out of this Agreement, shall not constitute a defense to the enforcement of the covenants in this Article 6, and (c) Developer's or any Restricted Party's violation of the terms of this Article 6 will cause irreparable injury to Franchisor for which no adequate remedy at law is available and that Franchisor shall be entitled, without bond (which requirement is hereby waived), to preliminary and permanent injunctive relief and damages, as well as an equitable accounting of all earnings, profits, and other benefits arising from such violation, which remedies shall be cumulative and in addition to any other rights or remedies to which Franchisor shall be entitled. Developer shall pay all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Franchisor in connection with the enforcement of this Article 6. If Developer or a Restricted Party violates any post-term or post-transfer restriction described in this Article 6, the restrictions contained herein shall remain in effect until two (2) years after Developer or such Restricted

Party begins to comply with those restrictions. If Developer contests the enforcement of this Article 6 and enforcement is delayed pending litigation, and if Franchisor prevails, the period of non-competition shall be extended for an additional period equal to the period of time that enforcement of this Article 6 is delayed. Courts are authorized and directed to reduce the scope or duration (or both) of the provision(s) in issue solely to the extent necessary to render it enforceable and/or reasonable and to enforce the provision so revised. Franchisor may, in its discretion and upon written notice, reduce the scope of any covenant not to compete, or any portion thereof, without Developer's consent.

~~(c) Subject to and to the extent permitted by applicable law(s), solicit any of Franchisor's other employees, or the employees of Franchisor's affiliates or any other System franchisee or developer to discontinue employment.~~

~~C. It is the parties' intent that the provisions of this Section 11 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 11 by Developer, any of Developer's Principals, or any member of the immediate family of Developer or Developer's Principals, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Developer acknowledges that the covenants contained herein are necessary to protect the goodwill of other System franchisees and developers, and the System. Developer further acknowledges that covenants contained in this Section 11 are necessary to protect Franchisor's procedures and know-how transmitted during the term of this Agreement. Developer agrees that in the event of the actual or threatened breach of this Section 11, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. Developer and the Principals agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 11. Developer acknowledges and agrees on Developer's own behalf and on behalf of the persons who are liable under this Section 11 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 11 in no way prevent any such person from earning a living. Developer further acknowledges and agrees that the time limitation of this Section 11 shall be tolled during any default under this Section 11.~~

~~D. Developer must ensure that all management personnel of Developer's Studios opened under this Agreement, as well as any officers or directors of Developer, execute Franchisor's then-current form of Confidentiality and Non-Competition Agreement. Developer must furnish Franchisor a copy of each executed agreement.~~

~~E. Developer hereby agrees that the existence of any claim Developer may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 11. Developer agrees to pay all costs and expenses (including reasonable attorneys' fees) that Franchisor incurs in connection with the enforcement of this Section 11.~~

~~F. Notwithstanding the foregoing, Franchisor reserves the right, in its sole discretion, to reduce the period of time or geographic scope of the non-competition covenants set forth in this Section 11 and in Exhibit E, by written notice to Developer.~~

7. ~~12.~~ RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

~~A. The parties agree that this Agreement does not create a fiduciary relationship between them, that Developer is an independent contractor and must at all times represent itself as an independent contractor. This Agreement does not create either party as an agent, legal representative, subsidiary,~~

~~joint venturer, partner, employee or joint employer. Developer shall hold itself out to the public as an independent contractor operating pursuant to this Agreement. Developer agrees to take any action necessary to that end, including without limitation, exhibiting a notice on signage and member contracts, as required by Franchisor as to content and manner of disclosure.~~

~~B. Developer understands and agrees that nothing in this Agreement authorizes 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 shall in no event assume liability for, or be deemed liable under this Agreement as a result of any such action, or for any act or omission of Developer in the conduct of its business pursuant to this Agreement or any claim or judgment arising therefrom.~~

A. **Independent Contractor**. The only relationship between Franchisor and Developer created by this Agreement is that of independent contractor. The business conducted by Developer is completely separate and apart from any business that may be operated by Franchisor and nothing in this Agreement shall create a fiduciary relationship between them or constitute either party as agent, legal representative, subsidiary, joint venturer, partner, employee, servant or fiduciary of the other party for any purpose whatsoever. Developer is not an affiliate of Franchisor, and neither party shall have authority to act for the other in any manner to create any obligations or indebtedness that would be binding upon the other party. Neither party shall be in any way responsible for any acts and/or omissions of the other, its agents, servants or employees and no representation to anyone will be made by either party that would create an implied or apparent agency or other similar relationship by and between the parties.

B. **Indemnification**~~C~~. Developer ~~and each of the Principals shall, at all times,~~agrees to indemnify, defend and hold ~~harmless~~ Franchisor~~ and~~, its owners, affiliates, successors and assigns, and the ~~officers,~~ directors, ~~shareholders~~officers, owners, managers, employees, servants, agents~~,~~ ~~representatives and employees~~ of each ~~of them~~ (collectively, the "Indemnitees")~~ from all losses and expenses incurred in connection with any formal or informal action, suit, proceeding, claim, demand, investigation or inquiry or any settlement thereof, which arises out of or is based upon the action or negligence of Developer or any Principal in any of the following:~~

, harmless from and against any and all losses, damage, claims, demands, liabilities and causes of actions of every kind or character and nature, as well as costs and expenses incident thereto (including reasonable attorneys' fees and court costs), that are brought against any of the Indemnitees (collectively, the "Claims") that arise out of or are otherwise related to Developer's or an Indemnitee's (a) breach or attempted breach of, or misrepresentation under, this Agreement or in connection with the exercise of the Development Rights in any manner other than as authorized herein, (b) ownership, construction, development, management, or operation of any Studios that Developer or its affiliates own, (c) gross negligence or intentional misconduct, and/or (d) alleging Developer's or its representatives' violation of Applicable Laws as set forth in Section 13.D below. Notwithstanding the foregoing, any Indemnitee may choose to engage counsel and defend against any such Claim and may require immediate reimbursement from the Developer of all expenses and fees incurred in connection with such defense. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. ~~(1) The infringement, alleged infringement, or any other violation or alleged violation of any Proprietary Mark or other proprietary right owned by Franchisor;~~

~~(2) Claims of sexual harassment or discrimination by Developer's employees or by a guest at the Studio;~~

~~(3) The violation of any federal, state or local law, regulation, rule, standard or directive, or any industry standard, including without limitation, health, sanitation and safety laws and regulations;~~

~~(4) Libel, slander or any other form of defamation of Franchisor or the System, by Developer or the Principals;~~

~~(5) The violation or breach by Developer or any of the Principals of any warranty, representation, agreement or obligation of this Agreement or any Franchise Agreement; and~~

~~(6) Acts, errors or omissions of Developer or any of its agents, servants, employees, contractors, partners, affiliates or representatives.~~

~~Notwithstanding anything contained in this Section 12(C), Developer will not be required to indemnify, defend or hold Franchisor harmless for any claims or causes of action that arise solely out of Franchisor's gross negligence or willful misconduct.~~

~~D. Developer and each of the Principals agree to give Franchisor immediate notice of any such action, suit, proceeding, claim, demand, inquiry or investigation.~~

~~E. Franchisor may, at any time and without notice, as it, in its reasonable discretion, consent, or agree to settlement, or take such other remedial or corrective action as it deems expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation.~~

~~F. All losses and expenses incurred under this Section 12 shall be chargeable to and shall be paid by Developer or any of the Principals pursuant to this Section 12, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity or defense. However, Franchisor will indemnify Developer from losses or expenses resulting from the direct result of Franchisor's negligence or intentional acts.~~

~~G. The phrase "losses and expenses" shall include, without limitation, all monetary losses, compensatory, exemplary or punitive damages, fines, actual costs, expenses, lost profits, reasonable attorneys' fees, court costs, settlement amounts, judgments, damages to Franchisor's reputation and goodwill, costs of financing or advertising material and media costs and all expenses of recall, refunds, compensation, public notices and such other amounts incurred in connection with the matters described.~~

~~H. Developer must give Franchisor notice of any such action immediately upon Developer having received notice of any such action, claim or proceeding.~~

~~I. Under no circumstances shall~~ Indemnitees ~~be required or obligated to~~need not seek recovery from any insurer or other third part~~ies~~y, or otherwise mitigate ~~their~~its losses and expenses, in order to maintain and recover fully a claim against Developer~~. Developer and the Principals agree that the~~ under this Section. Any Indemnitee's failure ~~of Franchisor~~ to pursue a recovery or mitigate a loss

~~from third parties~~ will ~~in~~ not ~~way~~ reduce or alter the amounts that person may recover~~able~~ from Developer ~~or the Principals~~under this Section.

~~J. Developer and the Principals expressly agree that the terms of this Section 12 shall continue in full force and effect after the termination, expiration or transfer of this Agreement or any interest herein.~~

~~**13. PROPRIETARY MARKS**~~

~~A. Developer acknowledges that Developer has no interest in or to the Proprietary Marks and Developer's right to use the Proprietary Marks is derived solely from the individual Franchise Agreements entered into between Developer and Franchisor for the purpose of operating Studios. Developer agrees that all usage of the Proprietary Marks by Developer and any goodwill established exclusively benefits Franchisor. Developer agrees that after termination or expiration of this Agreement, Developer will not, except with respect to Studios operated by Developer under individual Franchise Agreements, directly or indirectly, at any time or in any manner identify itself or any business as a Developer or former Developer of, or otherwise associated with, Franchisor or use in any manner or for any purpose any Proprietary Mark or other indicia of a Studio or any colorable imitation.~~

~~B. Developer must not use any Proprietary Mark as part of any corporate or trade names or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form, nor may Developer use any Proprietary Mark in connection with any business or activity, other than the business conducted by Developer under Franchise Agreements entered into between Developer and Franchisor, or in any other manner not explicitly authorized in writing by Franchisor.~~

~~C. Developer must immediately notify Franchisor in writing of any apparent infringement of or challenge to Developer's use of any Proprietary Mark, or claim by any person of any rights in any Proprietary Mark or similar trade name, trademark, or service mark of which Developer becomes aware. Developer must not communicate with any person other than Franchisor and its counsel regarding any infringement, challenge or claim. Franchisor has sole discretion to take action it deems appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of any infringement, challenge, or claim or otherwise relating to any Proprietary Mark.~~

~~D. Developer acknowledges that Franchisor is the lawful and sole owner of its current corporate domain name as of the date of this Agreement (www.runwithstride.com), as well as any and all other domain names or sites it determines to register or use that contain any of the Franchisor's then-current Proprietary Marks. Developer agrees not to register or attempt to register any of the Proprietary Marks now or hereafter owned by Franchisor, or any abbreviation, acronym or variation of the Proprietary Marks or any other name that could be deemed confusingly similar to the Proprietary Marks, as part of any URL comprising an Internet domain name, including, but not limited to, generic and country code top level domain names available at the present time or in the future.~~

~~E. Developer agrees and acknowledges that this Agreement does not grant Developer any rights whatsoever to use any Proprietary Mark, and that such rights are only granted through Developer's timely execution of a Franchise Agreement that will govern the operation of a Studio that Developer is required to open pursuant to the Development Schedule.~~

8. ~~14.~~ TERMINATION

A. Termination of Franchise by Franchisor~~A~~. Franchisor may terminate this Agreement for ~~a material default of this Agreement by Developer and all rights granted herein shall automatically terminate upon written notice to Developer, upon the occurrence of~~ any of the following reasons:

~~(1) If Developer becomes insolvent, makes a general assignment for the benefit of creditors; files a voluntary petition in bankruptcy, or an involuntary petition is filed against Developer in bankruptcy; or Developer is adjudicated bankrupt; or if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer or assets is filed and consented to by Developer; or if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by a court of competent jurisdiction; or if a proceeding for a composition of creditors under any state or federal law should be initiated against Developer; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer, (unless supersedeas bond is filed); or if Developer is dissolved; or if execution is levied against Developer; or if a suit to foreclose any lien or mortgage against the premises or Studio is levied; or if the real or personal property of Studio is sold after levy thereon by any sheriff, marshal or law officer;~~

(1) *Termination Without Cure Opportunity*. Franchisor may terminate this Agreement and all rights granted hereunder, without affording Developer any opportunity to cure, effective immediately upon delivery of written notice, if:

(a) Developer has made any material misrepresentation or omission in the Application Materials or otherwise in connection with applying for the Development Rights or in acquiring the rights granted under any other agreement between Developer or its affiliates and Franchisor or any of Franchisor's affiliates;

(b) Developer experiences any of the following events: (i) it admits its inability, or is unable, to pay its debts as they become due or perform its obligations under this Agreement, (ii) it makes an assignment for the benefit of creditors, (iii) it files a petition in bankruptcy, or an involuntary petition in bankruptcy is filed against it, (iv) a receiver is appointed for its business, (v) a final judgment against it remains unsatisfied or of record for at least 30 days, or (vi) it is dissolved or liquidated;

(c) Developer fails to satisfy any requirement under the Development Schedule;

(d) ~~(2)~~ ~~If~~ Developer or any of its ~~P~~principal~~s~~ ~~fail to comply with Section 11 of this Agreement;~~officers, directors, partners, managing members or owners who have signed a Guaranty is convicted of or pleads no contest to a felony or other crime or offense that, in Franchisor's reasonable opinion, adversely affects the reputation of the System or the goodwill associated with the Marks;

(e) Developer falsifies any financial reports, records, or other information required to be provided by Developer to Franchisor under this Agreement;

~~(3) If Developer or a Principal discloses the contents of the Manuals or other confidential information contrary to this Agreement;~~

~~(4) If an immediate threat or danger to public health or safety results from the operation of a Studio operated by Developer under a Franchise Agreement;~~

~~(5) If Developer or a Principal has made material misrepresentations in connection with its application for the franchise;~~

~~(6) If Developer fails on three (3) or more occasions within any one (1) year period to comply with one (1) or more provisions of this Agreement, whether or not such failures to comply are cured after notice thereof is delivered to Developer; or~~

~~(7) Failure to comply with the conditions of transfer of any interest in Developer as required of this Agreement.~~

~~B. Franchisor may terminate this Agreement and all rights granted herein, upon thirty (30) days written notice to Developer, or a less time as specified below, for a material default of this Agreement, which shall constitute good cause for termination and the failure of Developer to cure the good cause for termination within the notice period. Good cause for termination shall be the occurrence of any one of the following events of default:~~

(f) ~~(1)~~ ~~If Developer~~A Restricted Party fails to ~~meet the development requirements~~comply with the Noncompetition Restrictions set forth in ~~the Development Schedule~~Article 6 herein;

~~(2) If Developer fails to develop, open and operate each Studio and execute each Franchise Agreement in compliance with this Agreement;~~

~~(3) If Developer fails to designate a qualified replacement Representative;~~

~~(4) If Developer misappropriates, misuses or makes any unauthorized use of the Proprietary Marks or materially impairs the goodwill associated with the Proprietary Marks or with the System and does not cure such default following written notice from Franchisor;~~

~~(5) If Developer, fails, refuses or is unable to promptly pay when due any monetary obligation to Franchisor or its affiliate required by this Agreement, or by any Franchise Agreement or any other agreement between the parties and does not cure the monetary default within fourteen (14) days following written notice from Franchisor;~~

~~(6) If Developer fails to correct a deficiency of a health, sanitation, or safety issue after notice of such deficiency is issued by a local, state, or federal agency or regulatory authority; or~~

~~(7) If Developer fails to comply with any other material term or material condition imposed by this Agreement or any Franchise Agreement executed pursuant thereto.~~

~~C. Failure of Developer to cure the default within the specified time, or a longer period of time as applicable law may require, will result in Developer's rights under this Agreement to be terminated effective on the expiration of the notice period, and without further notice to Developer.~~

(g) Developer or its owners make an unauthorized direct or indirect Transfer or attempted or purported Transfer; or

(h) Developer commits or suffers a default of: (i) a provision of this Agreement within six (6) months following a previous violation of the same provision, or (ii) its obligations under this Agreement on three (3) or more separate occasions within any 12-consecutive-month period, in either case regardless of whether Franchisor notifies Developer of the defaults or the defaults are subsequently cured.

(2) *Termination with Cure Opportunity*. Franchisor may terminate this Agreement and all rights granted hereunder, effective immediately on delivery of written notice, if:

(a) Developer fails to obtain Franchisor's prior written approval or consent any time such approval or consent is required by this Agreement, fails to comply with any provision of this Agreement in respect of which Franchisor is not authorized, under Section 8.A(1) above, to terminate immediately, or fails to act in good faith in carrying out the terms of this Agreement and, in any case, does not correct such failure within 30 days after delivery of Franchisor's written notice of such failure; or

(b) Developer or its affiliates fail to pay when due any amount owing to Franchisor or its affiliates under this Agreement or any other agreement and does not correct such failure within 10 days after delivery of Franchisor's written notice.

B. Cross-Default. If there are now, or hereafter shall be, any other agreements in effect between Developer or any of its affiliates and Franchisor or any of its affiliates (including, without limitation, any Franchise Agreement), a default by Developer or any of its affiliates and/or owners under the terms and conditions of this Agreement or any other such agreement, shall at the option of Franchisor, constitute a default under this Agreement and all such other agreements.

C. Obligations of Developer upon Termination or Expiration. Immediately upon termination or expiration of this Agreement for any reason:

(1) All rights and privileges granted by Franchisor to Developer shall immediately cease and be null and void and of no further force and effect, and all such rights and privileges shall immediately revert to Franchisor; and

(2) Developer and the Restricted Parties shall comply with the Noncompetition Restrictions set forth in Article 6 of this Agreement and all other obligations that are triggered by or, either expressly or by their nature, are intended to survive the termination or expiration of this Agreement.

~~D.~~ ~~Upon t~~Termination or expiration of this Agreement~~, Developer has no right to establish or operate any Studio for which an individual Franchise Agreement has not already been executed by both~~ shall not affect, modify or discharge any claims, rights, causes of action or remedies, which Franchisor ~~and~~may have against Developer, ~~as well as delivered to Developer, as of the date of termination. Franchisor, effective upon termination of this Agreement, shall have the absolute right and is entitled to establish, and to license others to establish, Studios in the Development Area, except as may be otherwise provided under any Franchise Agreement which is then in effect between Franchisor and~~

~~Developer.~~whether under this Agreement or otherwise, for any reason whatsoever, whether such claims or rights arise before or after termination.

~~E. No default under this Agreement shall constitute a default under any Franchise Agreement between the parties, unless Developer's acts or omissions also violate the terms and conditions of the applicable Franchise Agreement.~~

~~F. No right or remedy herein conferred upon or reserved to the Franchisor is exclusive of any other right or remedy provided or permitted by law or in equity.~~

~~15. EFFECT OF TERMINATION AND EXPIRATION~~

~~All obligations of Franchisor and Developer under this Agreement, which expressly or by their nature survive the expiration or termination of this Agreement, continue in full force and effect after the expiration or termination of this Agreement and until they are satisfied in full or by their nature expire.~~

9. ~~16.~~ TRANSFER OF INTEREST

~~A. BY FRANCHISOR~~

A. By Franchisor. Franchisor ~~has~~shall have the ~~absolute~~ right, in its discretion, without the need for Developer's consent, to transfer~~ or~~, assign ~~this Agreement and~~or delegate all or any part of its rights~~, duties~~ or obligations ~~to any person or legal entity without the consent of or notice to Developer. This Agreement shall inure to the benefit of, and be binding on the successors and assigns of Franchisor~~herein.

B. By Developer and its Owners. Franchisor is granting the Development Rights based on its assessment of the unique characteristics and capabilities of Developer and its owners to satisfy their obligations under this Agreement. All rights and interests of Developer arising from this Agreement are personal to Developer. Except as otherwise provided in this Article 9, Developer and its owners may not, without Franchisor's prior written consent, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, pledge or encumber this Agreement (or any direct or indirect interest in this Agreement), the Development Rights, or any direct or indirect ownership interest in Developer (each a "Transfer"). Any purported Transfer not conducted in accordance with this Article 9 shall be null and void.

C. Conditions for Approval of Transfer~~B. DEVELOPER MAY NOT ASSIGN WITHOUT APPROVAL OF THE FRANCHISOR~~

~~Developer understands and acknowledges that the rights and duties created by this Agreement are personal to Developer and its owners and that Franchisor has granted these rights to Developer in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of Developer and/or its owners. Unless otherwise provided with respect to an assignment to an entity controlled by Developer as provided in Section 16(D), none of these rights nor any ownership interest in Developer may be voluntarily, involuntarily, directly or indirectly, assigned, sold, conveyed, pledged, sub-franchised or otherwise transferred by Developer or its owners (including by merger or consolidation, by issuance of additional securities representing an ownership interest in Developer, by conversion of a general partnership to a limited partnership, by transfer or creation of an interest as a general partner of a partnership, by transfer of an interest in Developer or in this Agreement in a divorce~~

~~proceeding, or if Developer or an owner of Developer dies, by will, declaration of or transfer in trust or the laws of the intestate succession) without the approval of Franchisor. Any attempted assignment or transfer without such approval will constitute a breach of this Agreement and will not transfer any rights or interests to such assignee or transferee.~~

~~C. CONDITIONS FOR APPROVAL OF ASSIGNMENT~~

~~If Developer is in substantial compliance with this Agreement, Franchisor shall not unreasonably withhold its approval of an assignment or transfer contemplated by Section 16(B) so long as the proposed assignee or transferer has good and moral character, sufficient business experience and aptitude to develop and own and operate Studios, and otherwise meets Franchisor's then-current standards for developers and System franchisees. Franchisor may require that any one or more of the following conditions be met before, or concurrently with, the effective date of any such assignment or transfer:~~

~~(1) All the accrued monetary obligations of Developer or any of its affiliates and all other outstanding obligations to Franchisor or its affiliate arising under this Agreement or any Franchise Agreement or other agreement between them and all trade accounts and any other debts to Franchisor, of whatsoever nature, prior to the transfer becoming effective shall be satisfied;~~

~~(2) Developer and its affiliates are not in material default of any substantive provision of this Agreement, any amendment hereof or successor hereto, or any Franchise Agreement granted pursuant to its terms, or other agreement between Developer or any of its affiliates and Franchisor or its affiliate;~~

~~(3) Developer and its Principals, as applicable, shall have executed a general release, in a form satisfactory to Franchisor, releasing Franchisor of any and all claims against Franchisor and its affiliate and their respective past and present partners, the past and present officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under or related to this Agreement and any other agreements between Developer and Franchisor, or under federal, state or local laws, rules, and regulations or orders;~~

~~(4) The transferee shall demonstrate to Franchisor's satisfaction that the transferee meets the criteria considered by Franchisor when reviewing a prospective developer's application for development rights, including, but not limited to, Franchisor's managerial and business experience standards, that the transferee possesses good moral character, business reputation and credit rating; that the transferee has the aptitude, financial resources and capital committed for the operation of the business, and the geographic proximity of other territories with respect to which transferee has been granted development rights or of other Studios operated by transferee, if any;~~

~~(5) At Franchisor's option, the transferee shall sign either (a) a written assumption agreement, in a form prescribed by Franchisor, assuming full, unconditional, joint and several liability from the date of the transfer of all obligations, covenants and agreements of Developer in this Agreement (and, if transferee is a corporation, limited liability company or a partnership, transferee's shareholders, partners, members or other investors, as applicable, shall also execute such agreement), or (b)~~. Developer must provide Franchisor with all information or documents that Franchisor requests about the proposed Transfer, the transferee, and its owners. Franchisor will not unreasonably withhold its approval of a proposed Transfer, but Developer agrees that the failure to satisfy any of the following conditions shall be a reasonable basis for Franchisor to withhold or otherwise condition its consent to a proposed Transfer: (1) the Developer must not be in default of the Development Schedule, (2) the prospective transferee, in Franchisor's reasonable judgment, must be of good moral character and reputation, has no conflicting interests, has a good credit rating and sufficient and competent business experience, aptitude and financial resources acceptable to Franchisor (taking into consideration its then-current standards for Developers and any special resources required to comply with the obligations under this Agreement); (3) Developer must pay Franchisor a transfer fee of $10,000 (except in those cases set forth at the end of this Section where only an administrative fee is charged), as well as any applicable broker fees due in connection with the transaction; (4) Developer and its related parties must, pursuant to a form provided by Franchisor, provide a general release of all claims against Franchisor and its related parties; (5) the proposed transferor and transferee and their respective owners must execute Franchisor's form of consent to transfer pursuant to which, among other things and at Franchisor's option, either (i) transferee agrees to execute Franchisor's then-current form of area development agreement that will then govern the ~~remaining Development Schedule granted under this Agreement;~~balance of the Term, or (ii) this Agreement is assigned to and assumed by the proposed transferee; (6) all monies owed, however arising, by Developer or its affiliates to Franchisor, its affiliates, and all suppliers must be paid; (7) there must not be an outstanding default of any provision of this Agreement or of any other agreement between Developer or its affiliates and Franchisor or its affiliates; and (8) at Franchisor's discretion, the Transfer of this Agreement must not be made separate and apart from the Transfer to the same transferee of all Franchise Agreements that were signed pursuant to this Agreement. If Developer is a natural person, instead of a transfer fee, as provided in clause (3) above, Developer shall pay, when requesting Franchisor's consent, an administrative fee of $500 if the proposed Transfer is to an entity that is wholly owned by Developer or $1,500 if the proposed Transfer is to a member of Developer's immediate family.

~~(6) Developer shall pay a transfer fee equal to fifty percent (50%) of the Development Fee to Franchisor at the time of transfer, unless the transfer is being made: (i) to an immediate family member of Developer that Franchisor approves pursuant to Section 16(F); or (ii) in the form of an encumbrance of the assets of any Franchised Business (or a subordinating Franchisor's security interest in such assets) as a necessary condition to obtain SBA or traditional bank financing;~~

~~(7) Developer acknowledges and agrees that each condition, which must be met by the transferee, is reasonable and necessary; and~~

~~(8) Developer must pay any referral fees or commissions that may be due to any franchise broker, sales agent or other third party upon the occurrence of such assignment.~~

~~Franchisor's consent to a transfer of any interest in Developer described herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee. Upon an approved transfer under this Section, Developer will only be bound by, and liable in connection with, its post-term obligations under this Agreement.~~

~~D. ASSIGNMENT TO A CORPORATION OR LIMITED LIABILITY COMPANY~~

~~(1) Notwithstanding the provisions of this Section 16 of this Agreement, upon thirty (30) days' prior written notice to Franchisor, and without payment of a transfer fee, Developer may assign this Agreement to a corporation or limited liability company that conducts no business other than the development and/or operation of Studios. Developer shall be the owner of all the voting stock or interest of the corporation or limited liability company, or if Developer is more than one individual, each~~

~~individual shall have the same proportionate ownership interest in the corporation as he had in Developer before the transfer. Developer and each of its Principals, as applicable, may transfer, sell or assign their respective interests in Developer, by and amongst themselves with Franchisor's prior written consent, which consent shall not be unreasonably withheld; but may be conditioned on compliance with Section 11, except that such transfer, sale or assignment shall not effect a change in the controlling interest in Developer.~~

~~(2) Any person who is or becomes a shareholder or member of Developer or has or acquires beneficial ownership of any shares of stock equal to or greater than ten percent (10%) ownership interest in Developer must execute an agreement in substantially the form of the attached Guaranty and Assumption of Obligations undertaking to be bound jointly and severally to all provisions of this Agreement. Developer must furnish Franchisor at any time upon request a certified copy of the articles of incorporation or articles of organization and a list, in a form Franchisor requires, of all shareholders or members of record and all persons having beneficial ownership of shares of stock, reflecting their respective interests in Developer.~~

~~E. RIGHT OF FIRST REFUSAL~~

D. Right of First Refusal. If Developer ~~receives and desires to accept any~~or any of its owners desire to engage in a Transfer, they must receive a written bona fide offer ~~to transfer an ownership interest in this Agreement~~ from a third party, then ~~the Developer shall~~ promptly notify Franchisor in writing and send Franchisor an executed copy of the ~~contract of transfer~~offer. Franchisor shall have the right and option, exercisable within ~~thirty (~~30~~)~~ days after actual receipt of such notification ~~or of the executed contract of transfer which shall describe the terms of the offer, to send written notice to Developer that Franchisor intends to~~and all information regarding the proposed Transfer requested by Franchisor, including copies of any signed contracts related to the proposed Transfer, to purchase the ~~Developer's~~ interests ~~on the same terms and conditions~~described in the written offered~~ by the third party~~. Closing on the purchase must occur within ~~sixty (~~60~~)~~ days from the date of notice by Franchisor to the Developer of Franchisor's election to purchase. If Franchisor elects not to accept the offer within the ~~thirty (~~30~~)~~ -day period, Developer ~~shall have a period not to exceed sixty (60) days to complete the transfer subject to the conditions for approval set forth in Section 16(C) of this Agreement~~must, subject to Section 9.C above, complete the Transfer described in the written offer within 60 days after the date on which Franchisor declines or is no longer entitled to elect to purchase the interests. Any material change in the terms of any offer before closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of an initial offer. Failure of Franchisor to exercise the option afforded by this Section ~~16~~ shall not constitute a waiver of any other provision of this Agreement. If the offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, Franchisor may elect to purchase the interest proposed to be sold for the reasonable cash equivalent, or any publicly~~-traded~~ traded securities, including its own, or intangible benefits similar to those being offered. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the offer, then such amount shall be determined by an independent appraiser designated by Franchisor, and his determination shall be binding.

~~F. DEATH OR DISABILITY~~

~~Upon the death or permanent disability of Developer (or the managing shareholder, managing member or partner), the executor, administrator, conservator or other personal representative of that person, or the remaining shareholders, partners or members, must appoint a competent manager that is~~

~~approved by Franchisor within ninety (90) days from the date of death or permanent disability (the "90 Day Period"). Before the end of the 90 Day Period, the appointed manager must attend and successfully complete Franchisor's training program and must either execute Franchisor's then-current form of area development agreement for the unexpired term of this Agreement, or furnish a personal guaranty of any partnership, corporate or limited liability company Developer's obligations to Franchisor and Franchisor's affiliates. If the Studio is not being managed by a Franchisor approved manager during the 90 Day Period, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Developer's Studios for and on behalf of Developer until an approved assignee is able to assume the management and operation of the Studio. Franchisor's appointment of a manager of the Studio does not relieve Developer of his obligations, and Franchisor is not liable for any debts, losses, costs or expenses incurred in the operations of the Studio or to any creditor of Developer for any products, materials, supplies or services purchased by the Studio during any period in which it is managed by Franchisor's appointed manager. Franchisor has the right to charge a reasonable fee for management services and to cease to provide management services at any time. Franchisor's right of first refusal set forth in Section 16(E) will not apply to a transfer under this Section if the transferee is an immediate family member of Developer that Franchisor approves.~~

~~G.~~ ~~PUBLIC OR PRIVATE OFFERINGS~~

~~(1) Developer acknowledges that the written information used to raise or secure funds can reflect upon Franchisor. Developer agrees to submit any written information intended to be used for that purpose to Franchisor before its inclusion in any registration statement, prospectus or similar offering circular or memorandum. This requirement applies under the following conditions: (i) if Developer attempts to raise or secure funds by the sale of securities in Developer or any affiliate of Developer (including common or preferred stock, bonds, debentures or general or limited partnership interest) and (ii) if any of its owners attempt to raise or secure funds by the sale of securities in Developer or any affiliate of Developer (including common or preferred stock, bonds, debentures or general or limited partnership interests) Developer (or any of its owners) agrees not to use the written materials submitted to Franchisor or any other written materials to raise or secure funds unless and until Franchisor approves of the language. No information respecting Franchisor or its affiliate shall be included in any securities disclosure document, unless that information has been furnished to Franchisor, in writing, pursuant to the written request of the Developer. The written request shall state the specific purpose for which the information is to be used. Should Franchisor, in its sole discretion, object to any reference to Franchisor or its affiliate or any of their businesses in the offering literature or prospectus, the literature or prospectus shall not be used unless and until the objections of Franchisor are withdrawn. Franchisor assumes no responsibility for the offering whatsoever. Developer must pay Franchisor a public offering fee of Three Thousand Five Hundred Dollars ($3,500) for the costs to Franchisor to review the information. The written consent of Franchisor pursuant to this Paragraph G does not imply or constitute the approval of Franchisor with respect to the method of financing, the offering literature submitted to Franchisor or any other aspect of the offering.~~

~~(2) The prospectus or other literature utilized in any offering must contain the following language in bold-face type on the first textual page:~~

~~"NEITHER STRIDE FRANCHISE, LLC NOR ITS AFFILIATE NOR ANY OF ITS AFFILIATE'S SUBSIDIARIES IS DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED. NEITHER STRIDE FRANCHISE,~~

~~**LLC NOR ITS AFFILIATE NOR ANY OF ITS AFFILIATE'S SUBSIDIARIES ASSUMES ANY RESPONSIBILITY WITH RESPECT TO THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION SET FORTH, INCLUDING ANY STATEMENTS MADE WITH RESPECT TO ANY OF THEM. NEITHER STRIDE FRANCHISE, LLC NOR ITS AFFILIATE NOR ANY OF ITS AFFILIATE'S SUBSIDIARIES ENDORSES OR MAKES ANY RECOMMENDATION WITH RESPECT TO THE INVESTMENT CONTEMPLATED BY THIS OFFERING."**~~

~~(3) Developer and each of its owners agrees to indemnify, defend and hold harmless Franchisor and its affiliate, and their respective officers, directors, employees and agents, from any and all claims, demands, liabilities, and all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor as the result of the offer or sale of securities. This Agreement applies to any and all claims, demands, liabilities, and all costs and expenses (including reasonable attorneys' fees) asserted by a purchaser of any security or by a governmental agency. Franchisor has the right (but not the obligation) to defend any claims, demands or liabilities and/or to participate in the defense of any action to which Franchisor or its affiliate or any of their respective officers, directors, employees or agents is named as a party.~~

~~**H. NOTICE TO FRANCHISOR**~~

~~Provided Developer is not then a public company, if any person holding an interest in Developer (other than Developer or a Principal, which parties shall be subject to the provisions set forth above) transfers such interest, then Developer shall promptly notify Franchisor of such proposed transfer in writing and provide information as Franchisor may reasonably request before the transfer. The transferee may not be one of Franchisor's competitors. The transferee must execute a Confidentiality Agreement and Ancillary Covenants Not to Compete in the form then required by Franchisor, which form shall be in substantially the same form attached hereto as Exhibit E. Franchisor also reserves the right to designate the transferee as one of the Principals. If Developer is a public company, this provision applies only to transfers in interest by Principals or to any person or entity controlling more than ten percent (10%) of Developer's voting stock.~~

~~**17. APPROVALS**~~

~~A. Wherever this Agreement requires the prior approval or consent of Franchisor, Developer shall make a timely written request to Franchisor for such approval or consent.~~

~~B. Franchisor makes no warranties or guarantees upon which Developer may rely and assumes no liability or obligation to Developer or to any third party to which it would not otherwise be subject, by providing any waiver, approval, advise, consent, or services to Developer in connection with this Agreement, or by any reason of neglect, delay or denial of any request therefor.~~

~~**18. NONWAIVER**~~

~~A. No failure of Franchisor to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Developer or Principals with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver or~~

~~estoppel of Franchisor's right to demand exact compliance with any of the terms herein and Developer and the Principals warrant and undertake that it shall not rely on such failure, custom or practice. Waiver by Franchisor of any particular default by Developer or any of the Principals shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar or different nature, nor shall delay, forbearance, or omission of Franchisor to exercise any power or right arising out of any breach or default by its other developers or by Developer of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Developer of any terms, covenants or conditions of this Agreement.~~

~~B.~~ ~~All rights and remedies of the parties hereto shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement, the rights and remedies of the parties hereto shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration or early termination of this Agreement shall not discharge or release Developer from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration or early termination of this Agreement.~~

10. ~~19.~~ DEVELOPER'S RECORDS AND REPORTS

~~A.~~ Developer must keep accurate records concerning all transactions and written communications between Franchisor and Developer relating to ~~the development and operation of Studios in the Development Area~~its activities under this Agreement. Franchisor's duly authorized representative has the right, following reasonable notice, at all reasonable hours of the day to examine all Developer's records with respect to the subject matter of this Agreement, and has full and free access to records for that purpose and for the purpose of making extracts. All records must be kept available for at least three (3) years after preparation.

~~B.~~ Developer must furnish to Franchisor monthly written reports regarding Developer's progress on its compliance with the ~~d~~Development ~~of Studios~~Schedule and in satisfaction of its other obligations under this Agreement.

11. ~~20.~~ NOTICES AND PAYMENTS

~~All written notices and reports permitted or required to be delivered by the provisions of this Agreement or of the Manuals shall be deemed so delivered at the time delivered by hand or by e-mail with receipt confirmed by the receiving party or one (1) business day after sending by overnight courier with delivery confirmed and addressed to the party to be notified at its most current address of which the notifying party has been notified. The following addresses for the parties shall be used unless and until a different address has been designated by written notice to the other party:~~

All notices which the parties hereto may be required or permitted to give under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, postage paid, or by reliable overnight delivery service. Notices sent to Franchisor must be delivered to the address show in the opening paragraph of this Agreement, attention: President. Notices sent to Developer must be delivered to the address shown on Exhibit A hereto, to the attention of the person indicated on Exhibit A. A party may change its notice address at any time by written notice given to the other party as herein provided. Notices will be deemed delivered when actually delivered if delivered by hand, three (3) business days after postmark by the United States Postal Service if delivered by certified or registered mail, or the next business day after deposit with reliable overnight delivery service if delivered in that manner.

12. RESOLUTION OF DISPUTES

A. Governing Law. This Agreement is governed by the laws of the state of California without reference to this state's conflict of laws principles (subject to state law), except that: (i) any disputes or actions involving any Noncompetition Restrictions, including the interpretation and enforcement thereof, shall be governed by the law of the state where the Development Area is located; and (ii) any franchise-specific or franchise-applicable laws of California, including those related to pre-sale disclosure and the franchise relationship generally, will not apply to this Agreement or franchise awarded hereunder unless the awarding of said franchise meets all jurisdictional and other requirements to specifically fall within the scope of such California laws, regulations or statutes without reference to and independent of any reference to this choice of law provision.

~~Notices to Franchisor:~~

~~Stride Franchise, LLC~~
~~Attn: Franchise Administration~~
~~17877 Von Karman Ave., Suite 100~~
~~Irvine, California 92614~~

B. Internal Dispute Resolution~~With an additional copy to:~~

~~Fisher Zucker, LLC~~
~~Attn: Lane Fisher~~
~~21 South 21st Street~~
~~Philadelphia, PA 19103~~

~~Notice to Developer:~~

~~______________________________~~
~~______________________________~~
~~______________________________~~
~~______________________________~~
~~ATTN: ________________________~~

~~21. GOVERNING LAW~~

~~This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to this state's conflict of laws principles. Notwithstanding the foregoing, the parties specifically agree and acknowledge that: (i) all claims, causes of actions or disputes related to Franchisee's covenants not to compete set forth in Article 13 of this Agreement, including the interpretation, validity and enforcement thereof, shall be governed by the laws of the state where the Studio is located; and (ii) the laws of California regarding franchises including, without limitation, the~~

~~California Franchise Investment Law ("CFIL"), California franchise relationship act and corresponding regulations thereunder, shall not apply to this Agreement or the Studio unless the jurisdictional, definitional and other requirements set forth in such laws are fully met and satisfied independently and without reference to this Section.~~

~~22.~~ ~~ARBITRATION AND OTHER DISPUTE RESOLUTION PROVISIONS~~

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

C. **Mediation**. At Franchisor's option, all claims or disputes between Developer or its owners and Franchisor ~~(~~or its affiliates~~)~~ arising out of, or in any way relating to, this Agreement or any other agreement by and between Developer and Franchisor (or its affiliates), or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section ~~22(A)~~12.B above, will be submitted first to mediation to take place at Franchisor's or, as applicable, Franchisor's successor's or assign's, then-current ~~headquarters~~principal place of business (currently, Irvine, California) under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Developer must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of ~~thirty (~~30~~)~~ days following receipt of such notice within which to notify Developer as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Developer may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and Franchisor and Developer will share mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation ~~as set forth in this Section 22(B)~~ if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (~~i~~a) any federally protected intellectual property rights in the ~~Proprietary~~ Marks~~,~~ or the System~~, or in any confidential information; (ii) any of the~~; (b) any Noncompetition ~~r~~Restricti~~ve~~ons ~~covenants~~ contained in this Agreement; and (~~iii~~c) any of Developer's payment obligations under this Agreement.

D. **Mandatory Binding Arbitration**~~Developer and Franchisor believe that it is important to resolve any disputes amicably, quickly, cost effectively and professionally, and to return to business as soon as possible. Subject to~~. Except as provided in Section~~s~~ ~~22(D) (~~12.E~~)~~ of this Agreement, Developer and Franchisor ~~have agreed that the provisions of this Article 22 support these mutual objectives and, therefore,~~ agree that ~~any litigation, claim, dispute, suit, action,~~all claims, disputes, suits, actions, controvers~~y~~ies, or proceedings of any type whatsoever including any claim for equitable relief and/or where either party is acting as a "private attorney general," suing pursuant to a statutory claim or otherwise, between or involving Developer or any of its affiliates (and any of their respective owners, guarantors, affiliates, and employees), on the one hand, and Franchisor or any of its affiliates (and any of their its respective shareholders, officers, directors, agents, and employees), on the other hand, on whatever theory and/or facts based, and whether or not arising out of or related to: (i) this Agreement~~, (~~ or any other agreement between Developer or any of its affiliates (and any of their respective owners, guarantors, affiliates, and employees) and Franchisor or any of its affiliates (and any of their respective shareholders, officers, directors, agents, and employees); (ii) Franchisor's relationship with Developer; or (iii) the scope or validity of this Agreement or any other agreement between Developer or any of its affiliates (and any of their its respective owners, guarantors, affiliates, and employees) and Franchisor or any of its affiliates (and any of their respective shareholders, officers, directors, agents, and employees) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which Franchisor and Developer acknowledge is to be determined by an arbitrator, not a court) (each, a "Claim") will be processed in the following manner:

(1) ~~a.~~ Developer and Franchisor each expressly waives all rights to any court proceeding, except as expressly provided in Section~~s 22(B) and 22(C),~~12.E below.

(2) ~~b.~~ All Claims shall be submitted to and resolved by binding arbitration ~~in Orange County~~that will take place at Franchisor's or, as applicable, Franchisor's successor's or assign's, then-current principal place of business (currently, Irvine, California) or another location that Franchisor designates, before the AAA and in accordance with ~~the arbitration rules of the American Arbitration Association. Judgment upon the award rendered by the~~AAA's then-current Commercial Arbitration Rules. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any ~~C~~court ~~having~~of competent jurisdiction ~~thereof.~~. The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including, without limitation, money damages, pre- and post-award interest, interim costs and attorneys' fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by Franchisor or its affiliates generic or otherwise invalid.

(3) ~~c.~~ Franchisor and Developer agree that any arbitration between Franchisor ~~and Developer shall be of Developer's individual claim and that the claim subject to arbitration shall not be arbitrated~~or any of its affiliates (and any of their respective shareholders, officers, directors, agents, and employees) and Developer or any of its affiliates (and any of their respective owners, guarantors, affiliates, and employees) may not be: (i) conducted on a class-wide basis~~. –~~, (ii) commenced, conducted or consolidated with any other arbitration proceeding, (iii) joined with any separate claim of an unaffiliated third-party, or (iv) brought on Developer's behalf by any association or agent, with all rights to do any of the foregoing being hereby waived.

(4) Franchisor and Developer agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. Franchisor and Developer further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisor or Developer.

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

(6) ~~e.~~ In no event shall Franchisor be liable to Developer for punitive damages in any action arising out of or relating to this Agreement, or any breach, termination or cancellation hereof.

(7) ~~f.~~ Any arbitration proceeding ~~conducted under this Section~~involving this Agreement or the Development Rights generally, including all demands, other filings and evidence submitted in connection ~~therewith~~with such proceeding, must be kept strictly confidential by Developer and its representatives, unless Franchisor agrees otherwise in writing.

E. **Other Proceedings (Right to Injunctive Relief).** Developer acknowledges and agrees that irreparable harm could be caused to Franchisor by Developer's violation of certain provisions of this Agreement and, as such, ~~in addition to any other relief available at law or equity,~~nothing in this Agreement, including the provisions of Section 12.D, bars Franchisor's ~~shall be entitled~~right to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) ~~Developer's use of the Proprietary Marks and confidential information; (ii) the in-term covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement; (iii~~the Noncompetition Restrictions; (ii) Developer's obligations on termination or expiration of this Agreement; (~~iv~~iii) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Marks, as now or hereafter amended; ~~(v) disputes and controversies involving enforcement of the Franchisor's rights with respect to confidentiality under this Agreement; and (vi) to~~and (iv) the prohibition of any act or omission by Developer or its employees that constitutes a violation of applicable law, threatens Franchisor's ~~franchise s~~System or threatens other developers or franchisees of Franchisor. Developer's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Developer waives all damage claims if the injunction is wrongfully issued.

F. **Choice of Forum.**

~~E. Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in Section 22 of this Agreement, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Developer.~~

(1) Subject to the obligation to arbitrate under Section 12.D above and the actions related to Section 12.E above, Franchisor and Developer acknowledge and agree that any action brought by either party (or any of their respective affiliates, owners, agents, guarantors or employees) against the other (or any of their respective affiliates, owners, agents, guarantors or employees) for the purpose of enforcing the terms and provisions of this Agreement shall be instituted solely in a state or federal court nearest to Franchisor's or, as applicable, Franchisor's successor's or assign's, then-current principal place of business (currently, Irvine, California) and that Developer (and its respective affiliates, owners, agents, guarantors or employees) irrevocably waive any objection they may have to the exclusive jurisdiction of or the exclusive venue in such court.

(2) If Developer (or any of its respective affiliates, owners, agents, guarantors or employees) institutes any arbitration or other legal proceedings in any venue or other court other than those specified, Developer shall assume all of Franchisor's costs in connection therewith, including, without limitation, reasonable attorney fees regardless of the outcome of such arbitration or legal proceedings.

G. **Waiver of Punitive Damages**~~As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Developer must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.~~

~~G. Developer shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Developer under this Agreement or any related agreements.~~

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

~~I.~~ . Developer hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Developer's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the ~~t~~Term ~~of this Agreement~~ if it is terminated due to Developer's default, which the parties agree and acknowledge Franchisor may claim under this Agreement.

H. Waiver of Jury Trial~~THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT OR THE PERFORMANCE OF EITHER PARTY.~~

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

~~23. ENFORCEMENT~~

~~A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS~~

~~(1) Except as expressly provided to the contrary in this Agreement, each section, paragraph, term and provision of this Agreement, is considered severable and if, for any reason, any portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of, or have any other effect upon, other portions of this Agreement as may remain otherwise intelligible, which shall continue to be given full force and effect and bind the parties to this Agreement, although any portion held to be invalid shall be deemed not to be a part of this Agreement from the date~~

~~the time for appeal expires, if Developer is a party, otherwise upon Developer's receipt of a notice of non-enforcement from Franchisor.~~

~~(2) If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure Franchisor prescribes is invalid or unenforceable, the prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Developer agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is prescribed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions, or any specification, standard or operating procedure Franchisor prescribes, any portion or portions which a court may hold to be unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in that jurisdiction, unless Franchisor elects to give them greater applicability, and this Agreement shall be enforced as originally made and entered into in all other jurisdictions.~~

~~B.~~ ~~EXCEPTIONS~~

~~Neither Franchisor nor Developer are liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (1) transportation shortages, inadequate supply of labor, material or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency; (3) acts of God; (4) acts or omissions of the other party; (5) fires, strikes, embargoes, war or riot; or (6) any other similar event or cause. Any delay resulting from any of these causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable.~~

~~C.~~ ~~RIGHTS OF PARTIES ARE CUMULATIVE~~

~~The rights of~~. Franchisor and Developer ~~under this Agreement are cumulative and no exercise or enforcement by Franchisor or Developer of any right or remedy precludes the exercise or enforcement by Franchisor or Developer of any other right or remedy which Franchisor or Developer is entitled by law to enforce.~~hereby waive their right to trial by jury in any action, proceeding or counterclaim, whether at law or equity, regardless of which party brings suit. This waiver shall apply to any matter whatsoever between the parties hereto which arises out of or is related in any way to this Agreement, the performance of either party, and/or Developer's purchase from Franchisor of the Development Rights and/or any goods or services.

~~D.~~ ~~COSTS AND ATTORNEYS' FEES~~

~~If Developer is in breach or default of any monetary or non-monetary obligation under this Agreement or any related agreement between Developer and Franchisor and/or Franchisor's affiliates,~~

~~and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Developer must reimburse Franchisor for all costs/expenses incurred in connection with enforcing its rights under this Agreement including all reasonable attorneys' fees, court costs and arbitration expenses. If Developer institutes any legal action to interpret or enforce the terms of this Agreement, and Developer's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.~~

~~In addition to the above obligations set forth in this Section 23(D), Franchisee agrees and acknowledges that it will be responsible for the legal fees and other costs that Franchisor incurs in connection with certain modifications that Franchisor agrees to make to the Franchise Agreement, including without limitation, modifications made to address the following situations: (i) an amendment to (a) extend a given performance deadline of Franchisee, (b) modify the territory awarded hereunder, or (c) otherwise modify, amend or supplement this Agreement in any way at the request of Franchisee or as necessary for Franchisee to avoid this Agreement being in default or subject to termination; and (ii) any amendment to a franchise agreement that is executed as part of Developer's obligations hereunder. Franchisor may set forth flat fee amounts designed to help defray the costs associated with addressing certain of the foregoing situations in the context of this Agreement or any other agreement with Franchisor, whether in the Manuals or otherwise in a writing distributed to System franchisees.~~

I. **Waiver of Class Actions**. Franchisor and Developer agree that all proceedings arising out of or related to this Agreement, or the Development Rights, will be conducted on an individual, not a class-wide basis, and that any proceeding between Developer, Developer's guarantors and Franchisor or its their respective affiliates, officers, owners, or employees may not be consolidated with any other proceeding between Franchisor and any other third-party.

J. **Attorneys' Fees and Costs.** The prevailing party in any action described in this Article 12 shall be entitled to recover reasonable compensation for preparation, investigation, court costs, arbitration costs (if applicable) and reasonable attorneys' and other professionals' fees (collectively, "Costs"), from the non-prevailing party as fixed by an arbitrator or court of competent jurisdiction. Separate and distinct from the right of a prevailing party to recover Costs pursuant to this Section 12.J, the prevailing party shall also be entitled to receive all Costs related to the enforcement of any arbitration award or judgment entered. Furthermore, the right to recover post-arbitration award and post judgment expenses, costs and attorneys' fees shall be severable and shall survive any award or judgment and shall not be deemed merged into such judgment.

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

L. **Third Party Beneficiaries**. Franchisor's officers, directors, owners, agents and/or employees are third-party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in this Article 12, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by Developer.

13. MISCELLANEOUS PROVISIONS

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

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

The following provision applies if Developer or the franchise granted hereby are subject to the franchise registration or disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin: No statement, questionnaire, or acknowledgement signed or agreed to by a Developer 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.

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

D. **Developer's Responsibility**. It is Developer's sole responsibility to conducts its business hereunder in compliance with all applicable federal, state and local laws and regulations ("Applicable Laws"). Developer acknowledges that nothing in this Agreement shall, or may be construed to, create any type of employer or joint employer relationship between (a) Developer or any of Developer's personnel, and (b) Franchisor in any matter.

E. **No Recourse Against Nonparty Affiliates.** Developer agrees that it will look only to Franchisor to perform under this Agreement. Franchisor's affiliates are not parties to this Agreement and have no obligations under it. Developer may not look to Franchisor's affiliates for performance. Developer agrees that Franchisor's and its affiliates' members, managers, owners, directors, officers, employees and agents shall not be personally liable or named as a party in any action between Franchisor or its affiliates and Developer or its affiliates or their respective owners**.**

F. **Non-Disparagement.** Developer agrees that it will not (and will use its best efforts to cause its current and former owners, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, affiliates, successors and assigns not to) (i) make any untrue or derogatory statements concerning Franchisor and its affiliates, as well as their present and former officers, employees, shareholders, directors, agents, attorneys, servants, representatives, successors and assigns; or (ii) undertake any act which would (a) subject the Marks to ridicule, scandal, reproach, scorn, or indignity, (b) negatively impact the goodwill of Franchisor or its affiliates, the Marks, the System, or any other brands owned or controlled by Franchisor or its affiliates, or (c) constitute an act of moral turpitude**.**

14. ENTIRE AGREEMENT

~~E. VARIANCES~~

~~Developer acknowledges that Franchisor has and may at different times approve exceptions or changes from the uniform standards of the System in Franchisor's absolute sole discretion, which Franchisor deems desirable or necessary under particular circumstances. Developer understands that he has no right to object to or automatically obtain such variances, and any exception or change must be approved in advance from Franchisor in writing. Developer understands existing Developers may operate under different forms of agreements and that the rights and obligations of existing Developers may differ materially from this Agreement.~~

~~F. BINDING EFFECT~~

~~This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Developer and Franchisor.~~

~~G. CONSTRUCTION/INTEGRATION CLAUSE~~

~~This Agreement, all exhibits to this Agreement and all ancillary agreements executed contemporaneously with this Agreement constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, undertakings, representations, and agreements. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations Franchisor made in the FDD that Franchisor furnished to Developer. Developer acknowledges that Developer is entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of Developer's own independent investigation of the franchised business and not as a result of any representations about Franchisor made by Franchisor's shareholders, officers, directors, employees, agents, representatives, independent contractors, attorneys, or Developers, which are contrary to the terms set forth in this Agreement or of any franchise disclosure document, offering circular, prospectus, or other similar document required or permitted to be given to Developer pursuant to applicable law.~~

~~Developer hereby acknowledges and further represents and warrants to Franchisor that:~~

~~1. Developer has placed no reliance on any oral or written statements, whether referred to as representations, warranties, inducements, or otherwise, which are not contained in this Agreement or in the Franchise Disclosure Document;~~

~~2. Developer has entered into this Agreement after making an independent investigation of Franchisor's operations and the System;~~

~~3. Franchisor has not made any guarantee or provided any assurance that the business location will be successful or profitable regardless of whether Franchisor may have approved of the franchise or site location;~~

~~4. Developer has (a) read this Agreement in its entirety and understands its contents; (b) been given the opportunity to clarify any provisions that Developer did not understand and (c) had the opportunity to consult with professional advisors regarding the operation and effect of the Agreement and the operation of the System;~~

~~5. Developer has, together with its advisors, sufficient knowledge and experience in financial and business matters to make an informed decision with respect to the franchise offered by Franchisor; and~~

~~6. Developer has received a copy of the Franchise Disclosure Document not later than the first personal meeting held to discuss the sale of a franchise, or fourteen (14) calendar days before execution of this Agreement or fourteen (14) calendar days before any payment of any consideration.~~

~~Except as may have been disclosed at Item 19 of Franchisor's Franchise Disclosure Document, Developer represents and warrants to Franchisor that no claims, representations, or warranties regarding the earnings, sales, profits, success or failure of the franchised business have been made to Developer and no such claims, representations or warranties have induced Developer to enter into this Agreement.~~

This Agreement, the documents referred to herein, and the exhibits hereto, constitute the entire and only agreement between the parties concerning the granting and awarding the Development Rights granted hereunder, and supersede all prior and contemporaneous agreements. There are no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the parties other than those set forth herein. Except for those ~~changes~~ permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement ~~is~~shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

This Agreement does not alter other agreements between Franchisor or its affiliates and Developer or its affiliates. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document that Franchisor furnished to Developer. ~~**24. CAVEAT**~~

~~A. The success of the business venture contemplated to be undertaken by this Agreement is speculative and depends, to a large extent, upon the ability of the Developer as an independent business person, and the active participation of Developer in the daily affairs of the business as well as other factors. Franchisor does not make any representation or warranty, express or implied, as to the potential success of the business venture contemplated hereby.~~

~~B. Developer acknowledges that it has entered into this Agreement after making an independent investigation of Franchisor's operations and not upon any representation as to gross sales, volume, potential earnings or profits which Developer in particular might be expected to realize, nor has anyone made any other representation which is not expressly set forth in this Agreement, to induce the Developer to accept this franchise and execute this Agreement.~~

~~C. Developer represents and acknowledges that he has received a copy of this Agreement, with all blanks filled in, from Franchisor at least seven (7) calendar days before the date of execution of this Agreement. Developer further represents that he understands the terms, conditions and obligations of this Agreement and agrees to be bound.~~

~~**25. MISCELLANEOUS**~~

~~A. Except as otherwise expressly provided, nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity who is not a party to this Agreement.~~

~~B. The headings of the several sections and paragraphs are for convenience only and do not define, limit or construe the contents of sections or paragraphs.~~

~~C. The "Developer" as used in this Agreement is applicable to one (1) or more persons, a corporation or a partnership or limited partnership or limited liability company as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two (2) or more persons are at any time Developer under this Agreement, their obligations and liabilities to Franchisor shall be joint and several. References to "Developer" and "Assignee" which are applicable to an individual or individuals shall mean the owner or owners of the equity or operating~~

~~control of Developer or the Assignee, if Developer or the Assignee is a corporation, partnership, limited partnership or limited liability company.~~

This Agreement ~~shall~~may be executed in multiple ~~copies~~counterparts, each of which shall be deemed to be an original~~.~~ and all of which taken together shall constitute one and the same agreement. Faxed, scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

[Signature Page Follows]

~~***THE REST OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK***~~

~~***SIGNATURES ON THE FOLLOWING PAGE***~~

[signature page to Area Development Agreement]

IN WITNESS WHEREOF, the parties ~~**hereto**~~ have ~~**duly**~~ executed this Agreement ~~**under seal**~~ on the dates ~~**first written above**~~set forth below to be effective as of the Effective Date.

STRIDE FRANCHISE SPV, LLC, a Delaware limited liability company	**[NAME OF DEVELOPER]**
By: ______________________	By: ______________________
Name: ______________________	Name: ______________________
Title: ______________________	Capacity: ______________________
EFFECTIVE DATE: ______________	Date: ______________________

~~**FRANCHISOR:**~~ ~~**STRIDE FRANCHISE, LLC**~~	~~**DEVELOPER:**~~ ______________________
~~By:~~ ______________________	~~**IF AN INDIVIDUAL:**~~
~~Print Name:~~ ______________________ ~~Title:~~ ______________________ ~~Date:~~ ______________________	~~By:~~ ______________________ ~~Print Name:~~ ______________________ ~~Date:~~ ______________________ ~~Spouse Signature:~~ ______________________ ~~Spouse Name:~~ ______________________ ~~Date:~~ ______________________ ~~**IF A PARTNERSHIP, CORPORATION, OR OTHER ENTITY:**~~ ~~By:~~ ______________________ ~~Print Name:~~ ______________________ ~~Title:~~ ______________________ ~~Date:~~ ______________________

EXHIBIT A

~~ATTACHMENT~~ TO

AREA DEVELOPMENT AGREEMENT

~~GUARANTY AND ASSUMPTION OF OBLIGATIONS~~

~~THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ____ day of _~~______ ______________~~, 20____, by _______________________________________, (each a "Guarantor").~~

~~In consideration of, and as an inducement to, the execution of that certain Area Development Agreement (the "Area Development Agreement") by and between Stride Franchise, LLC (the "Franchisor"), and ____________________ ("Developer"), each of the undersigned (each, a "Guarantor") hereby personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns, for the term of the Area Development Agreement and as provided in the Area Development Agreement, that Developer shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Area Development Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every obligation of Developer under the Area Development Agreement, both monetary obligations and non-monetary in nature, including without limitation, those obligations related to: confidentiality and non-disclosure; indemnification; the Proprietary Marks; the in-term and post-term covenants against competition, as well as all other restrictive covenants; and the governing law, venue, attorneys' fees and other dispute resolution provisions set forth in the Area Development Agreement (that shall also apply to this Guaranty and Assumption of Obligations).~~

~~Each Guarantor hereby waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (4) any right Guarantor may have to require that an action be brought against Developer or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed.~~

~~Each Guarantor hereby consents and agrees that: (1) such Guarantor's undertaking shall be direct, immediate and independent of the liability of, and shall be joint and several with, Developer and any other Guarantors; (2) Guarantor shall render any payment or performance required under the Area Development Agreement upon demand if Developer fails or refuses punctually to do so; (3) Guarantor's liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; (4) Guarantor's liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Developer or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Area Development Agreement; (5) this undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Developer or any assignee or successor of Developer or by any abandonment of the Area Development Agreement by a trustee of Developer; (6) neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Developer or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other~~

~~statute, or from the decision of any court or agency; (7) Franchisor may proceed against Guarantor and Developer jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Developer; and (8) Guarantor shall pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.~~

~~**IN WITNESS WHEREOF, the parties hereto have executed and delivered this Guaranty on the date stated on the first page hereof.**~~

1. **Name and Address of Developer**:

~~**PERSONAL GUARANTORS**~~

Developer Name: ______________________________

Attention: ______________________________

Address: ______________________________

~~[Insert Name of Guarantor]~~ ~~[Insert Name of Spouse]~~

____

~~[Insert Name of Guarantor]~~ ~~[Insert Name of Spouse]~~

Email Address: ______________________________

~~[Insert Name of Guarantor]~~ ~~[Insert Name of Spouse]~~

2. **Form of Owner (check and complete one):**

___ Individual

___ Corporation ___ Limited Liability Company ___ Partnership

State Formed: ________________ Date: ________________

3. **Owners**. The following identifies the owner that Developer has designated as, and that Franchisor approves to be, the Operating Principal and lists the full name of each person who is one of Developer's owners (as defined in the Development Agreement), or an owner of one of Developer's owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	Owner's Name	Type / %-age of Interest
Operating Principal:	____________________	____________________%
Other Owners:	____________________	____________________%
	____________________	____________________
____________________%		

~~[Insert Name of Guarantor]~~ ~~[Insert Name of Spouse]~~

4. The **Development Fee** is ______________________________

~~EXHIBIT A TO THE AREA DEVELOPMENT AGREEMENT~~

~~DEVELOPMENT AREA~~

~~The development rights and obligations of Developer, ____________________, to timely develop and open Studios shall be within the following described area:~~

5. The **Development Area** is comprised of: ____, as depicted on the map attached to this Exhibit. If the Development Area is identified by counties or other political subdivisions, political boundaries will be considered fixed as of the date of the Development Agreement and will not change, notwithstanding a political reorganization or change to the boundaries or regions.

~~DEVELOPER~~

~~__________________________________~~

~~By: _______________________________~~

~~Name:______________________________~~

~~Title:______________________________~~

~~FRANCHISOR~~

~~STRIDE FRANCHISE, LLC~~

~~By: _________________________________~~

~~Name:______________________________~~

~~Title:______________________________~~

~~EXHIBIT B TO AREA DEVELOPMENT AGREEMENT~~

~~DEVELOPMENT SCHEDULE~~

~~1. Development Schedule~~

~~Developer,~~ __________________________~~, agrees to timely open Studios in compliance with the following development schedule (the "Development Schedule"). Developer further agrees that failure to timely open the Studios in compliance with the Development Schedule shall cause the rights of exclusivity granted to Developer regarding the geographic area defined in Exhibit A to be forfeited.~~

6. The **Development Schedule** is as follows:

Expiration of Development Period	**Number of New ~~Unit Franchises that Must~~Studios to be Opened ~~and Commence Operations Within~~During the Development Period**	**Number of ~~Unit Franchises that Must be~~Studios Open ~~and Operating by~~as of the ~~Expiration~~End of the Development Period**

7. **Additional Terms or Modifications to This Agreement** (which terms, if any, will control any inconsistencies between the following and the terms in the body of this Agreement):

~~2. Forfeiture of Rights of Exclusivity~~[insert as applicable]

~~Developer's failure to comply with the Development Schedule in any manner shall be grounds for Franchisor to (a) terminate the Development Agreement to which this Development Schedule is attached as an Exhibit, or (b) in lieu of such termination, terminate any exclusive or other territorial rights that Developer may have within the Development Area or otherwise under the Development Agreement.~~

~~APPROVED:~~

STRIDE FRANCHISE SPV, LLC,
a Delaware limited liability company

[NAME OF DEVELOPER]

~~**FRANCHISOR**~~

~~**DEVELOPER**~~

By: ____

Name: ____

Title: ____

Date: ____

~~**STRIDE FRANCHISE, LLC**~~

~~By:~~

By: ____

Name: ____

Capacity: ____

Date: ____

~~Title:~~

~~**EXHIBIT C TO AREA DEVELOPMENT AGREEMENT**~~

~~**FRANCHISE AGREEMENT**~~

MAP OF DEVELOPMENT AREA

EXHIBIT ~~D~~B TO ~~AREA~~ DEVELOPMENT AGREEMENT

~~STATEMENT OF OWNERSHIP INTERESTS AND PRINCIPALS~~

~~A. The following is a list of shareholders, partners, members or other investors in Developer, including all investors who own or hold a direct or indirect interest in Developer, and a description of the nature of their interest:~~

~~Name~~	~~Percentage of Ownership/Nature of Interest~~

~~A. The following is a list of all of Principals described in and designated pursuant to this Area Development Agreement, each of whom shall execute the Confidentiality Agreement and Ancillary Covenants Not to Compete substantially in the form set forth in Exhibit E of this Area Development Agreement:~~

~~DEVELOPER~~	**~~FRANCHISOR~~**
______________________________	**~~STRIDE FRANCHISE, LLC~~**
~~By:~~ ______________________________	~~By:~~ ______________________________
~~Name:~~______________________________	~~Name:~~______________________________

~~Title:~~______________________________ ~~Title:~~______________________________

~~EXHIBIT E TO AREA DEVELOPMENT AGREEMENT~~

~~CONFIDENTIALITY AGREEMENT~~GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGEMENT

For value received, and in consideration for, and as an inducement to Stride Franchise SPV, LLC (the "Franchisor") to execute the Area Development Agreement (the "Development Agreement"), dated ___________________, 20__ (the "Effective Date"), by and between Franchisor and _______________________ or his assignee, if a partnership, corporation or limited liability company is later formed (the "Developer"), the undersigned (each a "Guarantor"), jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns the full and timely performance by Developer of each obligation undertaken by Developer under the terms of the Development Agreement.

Upon demand by Franchisor, Guarantor will immediately make each payment required of Developer under the Development Agreement. Guarantor hereby waives any right to require Franchisor to: (a) proceed against Developer for any payment required under the Development Agreement; (b) proceed against or exhaust any security from Developer; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Developer. Without affecting the obligations of Guarantor under this Guarantee, Indemnification and Acknowledgment (the "Guarantee"), Franchisor may, without notice to Guarantor, extend, modify, or release any indebtedness or obligation of Developer, or settle, adjust or compromise any claims against Developer.

Guarantor waives notice of amendment of the Development Agreement and notice of demand for payment by Developer and agrees to be bound by any and all such amendments and changes to the Development Agreement.

Guarantor hereby agrees to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, without limitation, reasonable attorneys' fees, reasonable costs of investigations, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Developer to perform any obligation of Developer under the Development Agreement, any amendment, or any other agreement executed by Developer referred to therein.

~~ANCILLA~~

~~RY COVENANTS NOT TO COMPETE~~

~~This Agreement is made and entered into this __ day of ____________, 20__, between STRIDE FRANCHISE, LLC, a Delaware limited liability company ("Franchisor"), ___________________________________ ("Developer"), and _______________________ ("Covenantor").~~

~~RECITALS~~

~~WHEREAS, Franchisor has obtained the right to develop a unique system (the "System") for the development and operation of Studios under Franchisor's then-current proprietary marks ("Studios"); and~~

~~WHEREAS, the System includes, but is not limited to, certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the proprietary marks and other trade names, service marks, trademarks, logos, insignia, slogans, emblems, designs and commercial symbols as Franchisor may develop in the future to identify for the public the source of services and~~

~~products marketed under the marks and under the System and representing the System's high standards of quality, appearance, service and all information relating to the System and to the development and operation of the Studio, including, without limitation, the operating manual, Franchisor's training program, members and supplier lists, or other information or know-how distinctive to a Studio; all of which Franchisor may change, improve and further develop and which Franchisor uses in connection with the operation of the System (collectively, the "Confidential Information"); and~~

~~WHEREAS, the Proprietary Marks and Confidential Information provide economic advantages to Franchisor and are not generally known to, and are not readily ascertainable by proper means by, Franchisor's competitors who could obtain economic value from knowledge and use of the Confidential Information; and~~

~~WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Confidential Information; and~~

~~WHEREAS, Franchisor has granted Developer the limited right to develop a Studio using the System, the Proprietary Marks and the Confidential Information, pursuant to an Area Development Agreement entered into on ______________________________, 20___ ("Area Development Agreement"), by and between Franchisor and Developer; and~~

~~WHEREAS, Franchisor and Developer have agreed in the Area Development Agreement on the importance to Franchisor and to Developer and other licensed users of the System of restricting the use, access and dissemination of the Confidential Information; and~~

~~WHEREAS, it is necessary for certain employees, agents, independent contractors, officers, directors and equity interest holders of Developer, or any entity having an interest in Developer ("Covenantor") to have access to and to use some of all of the Confidential Information in the management and operation of Developer's Studio using the System; and~~

~~WHEREAS, Developer has agreed to obtain from those covenantors written agreements protecting the Confidential Information and the System against unfair competition; and~~

~~WHEREAS, Covenantor wishes to remain, or wishes to become associated with or employed by Developer; and~~

~~WHEREAS, Covenantor wishes and needs to receive and use the Confidential Information in the course of his employment or association in order to effectively perform the services for Developer; and~~

~~WHEREAS, Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor.~~

~~NOW, THEREFORE, in consideration of the mutual covenant and obligations contained in this Agreement, the parties agree as follows:~~

~~Confidentiality Agreement~~

~~1. Franchisor and/or Developer shall disclose to Covenantor some or all of the Confidential Information relating to the System. All information and materials, including, without limitation, manuals, drawings, specifications, techniques and compilations of data which Franchisor provides to Developer and/or Covenantor are deemed Confidential Information for the purposes of this Agreement.~~

~~2. Covenantor shall receive the Confidential Information in confidence and must, at all times, maintain them in confidence, and use them only in the course of his employment or association with a Developer and then only in connection with the development and/or operation by Developer of a Studio for so long as Developer is licensed by Franchisor to use the System.~~

~~3. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor's express written permission.~~

~~4. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except to other employees of Developer and only to the limited extent necessary to train or assist other employees of Developer in the development or operation of a Studio.~~

~~5. Covenantor must surrender any material containing some or all of the Confidential Information to Developer or Franchisor, upon request, or upon termination of employment by Developer, or upon conclusion of the use for which the information or material may have been furnished to Covenantor.~~

~~6. Covenantor shall not at any time, directly or indirectly, do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Confidential Information and the System.~~

~~7. Franchisor loans all manuals to Developer for limited purposes only and they remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor's written consent.~~

~~Covenants Not to Compete~~

~~1. In order to protect the goodwill and unique qualities of the System and the confidentiality and value of the Confidential Information during the term of this Agreement, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants as follows:~~

~~a. Not to divert, or attempt to divert, directly or indirectly, any business, business opportunity, or customer of the Studios to any competitor;~~

~~b. Not to employ, or seek to employ, any person who is at the time or was within the preceding one hundred eighty (180) days employed by Franchisor, its affiliate or any Developer of Franchisor, or otherwise directly or indirectly induce such person to leave that person's employment except as may occur in connection with Developer's employment of that person if permitted under the Area Development Agreement; and~~

~~c. Except with respect to Studios operated under a valid and existing Franchise Agreement between Developer (or Developer's affiliates) and Franchisor, own, maintain, operate, engage~~

~~in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, limited liability companies, unincorporated associations or joint ventures), advise, assist or make loans to, any Competing Business (as defined below) or a business that is of a character and concept similar to a Studio. For purposes of this Agreement, a "Competing Business" is defined as any business that (1) derives at least ten percent (10%) of its revenue from the sale of exercise/fitness services or instruction that utilize or include access to rowing machines, ergometers, or other Approved Services and Approved Products that are offered at a Studio, or (2) grants franchises or licenses to others to operate the type of business described in subpart (1) of this Section.~~

~~2. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the uniqueness of the System, Covenantor agrees and covenants that for two (2) years following the earlier of the expiration, termination or transfer of all Developer's interest in the Area Development Agreement or the termination of his association with or employment by Developer, Covenantor will not without the prior written consent of Franchisor:~~

~~a. Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of the Studios to any competitor;~~

~~b. Employ, or seek to employ, any person who is at the time or was within the preceding one hundred eighty (180) days employed by Franchisor, its affiliate or any franchisee of franchisor, or otherwise directly or indirectly induce such persons to leave that person's employment; and~~

~~c. Except with respect to Studios operated under Franchise Agreements between Developer and its affiliates, and Franchisor or its affiliate or any of its subsidiaries, own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, limited liability companies, unincorporated associations or joint ventures), advise, assist or make loans to, any Competing Business or a business that is of a character and concept similar to a Studio (i) within the Development Area granted to Developer; or (ii) within a forty (40) mile radius of the perimeter of the Development Area being granted to Developer or any other designated territory or development area licensed by Franchisor to a Studio as of the date of expiration, termination or transfer of all Developer's interest in the Area Development Agreement or the termination of Covenantor's association with or employment by Developer.~~

~~Miscellaneous~~

~~1. Developer shall make all commercially reasonable efforts to ensure that Covenantor acts as required by this Agreement.~~

~~2. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of a breach, or threatened or attempted breach of any of the provisions, Franchisor is entitled to enforce the provisions of this Agreement and is entitled, in addition to any other remedies available to it at law or in equity, including the right to terminate the Area Development Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.~~

~~3. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Developer in enforcing this Agreement.~~

~~4. Any failure by Franchisor to object to or take action with respect to any breach of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.~~

~~5. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF **[INSERT STATE WHERE THE STUDIO IS LOCATED]** AND COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE COURT CLOSEST TO FRANCHISOR'S THEN-CURRENT HEADQUARTERS OR, IF APPROPRIATE, THE UNITED STATES DISTRICT COURT FOR THE DISTRICT FOR **[INSERT STATE WHERE THE STUDIO IS LOCATED]**. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY **[INSERT STATE WHERE THE STUDIO IS LOCATED]**OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE ONE OF THE COURTS DESCRIBED ABOVE IN THIS SECTION; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.~~

~~6. The parties acknowledge and agree that each of the covenants contained in this Agreement are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. 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 Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a part, Covenantor expressly agrees to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Agreement.~~

~~7. This Agreement contains the entire agreement of the parties regarding the subject matter of this Agreement. This Agreement may be modified only by a duly authorized writing executed by all parties.~~

~~8. All notices and demands required to be given must be in writing and sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile or electronic mail, (provided that the sender confirms the facsimile or electronic mail, by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.~~

~~If directed to Franchisor, the notice shall be addressed to~~

Guarantor hereby acknowledges and agrees to be individually bound by all obligations and covenants of Developer contained in the Development Agreement, including those related to non-competition.

If Guarantor is a business entity, retirement or investment account, or trust acknowledges and it agrees that if Developer (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.

This Guarantee shall terminate upon the expiration or termination of the Development Agreement, except that this Guarantee shall continue in full force and effect with respect to all obligations and liabilities of Developer and Guarantor that arise from events that occurred on or before the effective date of such expiration or termination or that are triggered by or survive expiration or termination of the Development Agreement This Guarantee is binding upon each Guarantor and its respective estate, executors, administrators, heirs, beneficiaries, and successors in interest.

The validity of this Guarantee and the obligations of Guarantor(s) hereunder shall in no way be terminated, restricted, diminished, affected or impaired by reason of any action that Franchisor might take or be forced to take against Developer, or by reason of any waiver or failure to enforce any of the rights or remedies reserved to Franchisor in the Development Agreement or otherwise.

~~Stride Franchise, LLC~~
~~Attn: Franchise Administration~~
~~17877 Von Karman Ave., Suite 100~~
~~Irvine, California 92614~~

The use of the singular herein shall include the plural. Each term used in this Guarantee, unless otherwise defined herein, shall have the same meaning as when used in the Development Agreement.

~~If directed to Developer, the notice shall be addressed to:~~

____
____
____
~~Attention:~~ ______________________________

The provisions contained in Article 12 of the Development Agreement (Resolution of Disputes), including Section 12.A (Governing Law), Section 12.C (Mediation), Section 12.D (Mandatory Binding Arbitration), Section 12.F (Choice of Forum), and Section 12.J (Attorneys' Fees and Costs), are incorporated into this Guarantee by reference and shall govern this Guarantee and any disputes between the Guarantors and Franchisor. The Guarantors shall reimburse Franchisor for all costs and expenses it incurs in connection with enforcing the terms of this Guarantee.

~~If directed to Covenantor, the notice shall be addressed to:~~

____
____
____
~~Attention:~~ ______________________________

~~Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile or electronic mail shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be~~

~~deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties. Business day for the purpose of this Agreement excludes Saturday, Sunday and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.~~

~~9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and inure to the benefit of its respective parent, successor and assigns. The respective obligations of Developer and Covenantor hereunder may not be assigned by Developer or Covenantor without the prior written consent of Franchisor.~~

~~***THE REST OF THIS PAGE LEFT INTENTIONALLY BLANK***~~

~~***SIGNATURES ON THE FOLLOWING PAGE***~~

IN WITNESS WHEREOF, each of the undersigned ~~**have entered into this Agreement as witnessed by their signatures below**~~has signed this Guarantee as of the Effective Date.

~~**FRANCHISOR:**~~ ~~**DEVELOPER:**~~

~~**STRIDE FRANCHISE, LLC**~~ ~~(If Developer is a corporation)~~

~~Name of Corporation~~

GUARANTOR(S)	**SPOUSE(S)**

Name: ______________________________ Sign: ______________________________ Address: ______________________________ ______________________________ ______________________________	Name: ______________________________ Sign: ______________________________ Address: ______________________________ ______________________________ ______________________________
Name**:** ______________________________ Sign: ______________________________ Address: ______________________________ ______________________________ ______________________________	Name**:** ______________________________ Sign: ______________________________ Address: ______________________________ ______________________________ ______________________________

~~By:~~ ______________________________
~~Title:~~ ______________________________

~~By:~~ ______________________________
~~Title:~~ ______________________________

~~**COVENANTOR:**~~

____

~~Printed Name:~~ ______________________________

~~(If Developer is an individual owner, Developer must sign below; if a partnership, all partners must sign below)~~

____
~~Developer~~

____
~~Developer~~

____
~~Developer~~

____
~~Developer~~

~~(If Developer is a Limited Liability Company)~~

____
~~Name of Limited Liability Company~~
~~By:~~ ______________________________
~~Title:~~ ______________________________

NEW YORK REPRESENTATIONS PAGE

FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

State Effective Dates

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

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

California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	~~Pending~~April 4, 2023

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.

~~**Exhibit K**~~
~~**To Franchise Disclosure Document**~~
~~**RECEIPTS**~~

~~ITEM 23~~EXHIBIT L

RECEIPTS

RECEIPT
(OUR COPY)

This ~~D~~disclosure ~~D~~document summarizes certain provisions of the franchise agreement and other information in plain language. Read this ~~D~~disclosure ~~D~~document and all agreements carefully.

If Stride Franchise SPV, LLC offers you a franchise, it must provide this ~~D~~disclosure ~~D~~document to you 14 calendar days before you sign a binding agreement with, or make a payment to, ~~the~~Stride ~~f~~Franchis~~or~~e SPV, LLC or an affiliate in connection with the proposed franchise sale~~.~~
, or sooner if required by applicable state law. Under Iowa law~~New York, Oklahoma and Rhode Island require that~~, we must give you this ~~D~~disclosure ~~D~~document at the earlier of ~~the first~~our 1st personal meeting or ~~10 business~~14 calendar days before ~~the execution of the franchise~~you sign an agreement with, or ~~other agreement, or the~~make a payment ~~of any consideration that relates to the~~to, us or an affiliate in connection with the proposed franchise ~~relationship~~sale.
Under Michigan law, ~~Oregon and Wisconsin require that~~ we must give you this ~~D~~disclosure ~~D~~document at least 10 business days before the execution of any binding franchise ~~agreement,~~ or other agreement~~,~~ or the payment of any consideration, whichever ~~comes first.~~occurs first. Under New York law, we must provide this disclosure document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Stride Franchise SPV, LLC does not deliver this ~~D~~disclosure ~~D~~document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to ~~T~~the Federal Trade Commission, Washington, D.C. 20580 and the appropriate ~~S~~state ~~A~~agency identified on Exhibit B~~.~~

Issuance Date: April 4, 2023

The franchisor is Stride Franchise~~, LLC located at 17877 Von Karman Ave., Suite 100, Irvine, CA 92614. The name, principal business address, and telephone number of each Franchise Seller offering the Franchise are: Jeff Stokes, c/o Stride Franchise, LLC 17877 Von Karman Ave., Suite 100, Irvine, California 92614, (949) 404-3516; Lance Freeman and Emily Brown, Xponential Fitness~~ SPV, LLC, 17877 Von Karman Avenue, Suite 100, Irvine, California 92614~~, (949) 370-7093.~~ and at (513) 815-8467. The franchise seller for this offering is:

____________	____________	____________	____________
17877 Von Karman Avenue, Suite 100 Irvine, California 92614 (513) 815-8467	17877 Von Karman Avenue, Suite 100 Irvine, California 92614 (513) 815-8467	17877 Von Karman Avenue, Suite 100 Irvine, California 92614 (513) 815-8467	17877 Von Karman Avenue, Suite 100 Irvine, California 92614 (513) 815-8467

~~Issuance Date: April 1, 2022. The effective date in each state is listed on the State Cover Page. Stride Franchise, LLC authorizes the agents listed in Exhibit B to receive service of process for it.~~
See Exhibit B for Stride Franchise SPV, LLC's registered agents authorized to receive service of process.

I have received a ~~Franchise D~~disclosure ~~D~~document dated April ~~1~~4, ~~2022. This Disclosure Document~~2023 that included the following Exhibits:

Exhibit A-1	Franchise Agreement and Exhibits	Exhibit G	Form of General Release
Exhibit A-2	Non-Traditional Site Addendum	Exhibit H	State Specific Addenda
Exhibit B	List of State Agents for Service of Process and State Administrators	Exhibit I	List of Current Franchisees
Exhibit C	Financial Statements	Exhibit I	List of Franchisees That Left System
Exhibit D	Guaranty of Performance	Exhibit K	Development Agreement
Exhibit E	Statement of Prospective Franchisee	Exhibit L	Receipts
Exhibit F	Table of Contents of Manual		

Date	Signature	Printed Name
Date	Signature	Printed Name

~~A. FRANCHISE AGREEMENT AND EXHIBITS~~
~~B. LIST OF STATE AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS~~
~~C-1. FINANCIAL STATEMENTS~~
~~C-2. AFFILIATE GUARANTY~~
~~D. STATEMENT OF PROSPECTIVE FRANCHISEE~~
~~E. TABLE OF CONTENTS OF MANUAL~~
~~F. FORM OF GENERAL RELEASE~~
~~G. STATE SPECIFIC ADDENDA~~
~~H. LIST OF FRANCHISEES AND FRANCHISEES THAT LEFT OUR SYSTEM~~
~~I. DEVELOPMENT AGREEMENT~~
~~J. STATE EFFECTIVE DATES~~
~~K. RECEIPTS~~

~~(Print Name)~~ ~~(Signature)~~

~~Date~~

~~***Keep this copy for your records.***~~

Please sign this copy of the receipt, print the date on which you received this disclosure document, and return it, by mail or email to Stride Franchise SPV, LLC, 17877 Von Karman Avenue, Suite 100, Irvine, California 92614. Email: salesinfo@xponential.com.

~~ITEM 23~~

RECEIPT

(YOUR COPY)

This ~~D~~disclosure ~~D~~document summarizes certain provisions of the franchise agreement and other information in plain language. Read this ~~D~~disclosure ~~D~~document and all agreements carefully.

If Stride Franchise SPV, LLC offers you a franchise, it must provide this ~~D~~disclosure ~~D~~document to you 14 calendar days before you sign a binding agreement with, or make a payment to, ~~the~~Stride ~~f~~Franchis~~or~~e SPV, LLC or an affiliate in connection with the proposed franchise sale~~.~~
, or sooner if required by applicable state law. Under Iowa law~~New York, Oklahoma and Rhode Island require that~~, we must give you this ~~D~~disclosure ~~D~~document at the earlier of ~~the first~~our 1st personal meeting or ~~10 business~~14 calendar days before ~~the execution of the franchise~~you sign an agreement with, or ~~other agreement, or the~~make a payment ~~of any consideration that relates to the~~to, us or an affiliate in connection with the proposed franchise ~~relationship~~sale.
Under Michigan law, ~~Oregon and Wisconsin require that~~ we must give you this ~~D~~disclosure ~~D~~document at least 10 business days before the execution of any binding franchise ~~agreement,~~ or other agreement~~,~~ or the payment of any consideration, whichever ~~comes first.~~occurs first. Under New York law, we must provide this disclosure document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Stride Franchise SPV, LLC does not deliver this ~~D~~disclosure ~~D~~document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to ~~T~~the Federal Trade Commission, Washington, D.C. 20580 and the appropriate ~~S~~state ~~A~~agency identified on Exhibit B.

Issuance Date: April 4, 2023

The franchisor is Stride Franchise~~, LLC located at 17877 Von Karman Ave., Suite 100, Irvine, CA 92614. The name, principal business address, and telephone number of each Franchise Seller offering the Franchise are: Jeff Stokes, c/o Stride Franchise, LLC 17877 Von Karman Ave., Suite 100, Irvine, California 92614, (949) 404-3516; Lance Freeman and Emily Brown, Xponential Fitness~~ SPV, LLC, 17877 Von Karman Avenue, Suite 100, Irvine, California 92614~~, (949) 370-7093.~~ and at (513) 815-8467. The franchise seller for this offering is:

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~~Issuance Date: April 1, 2022. The effective date in each state is listed on the State Cover Page. Stride Franchise, LLC authorizes the agents listed in Exhibit B to receive service of process for it.~~
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Date	Signature	Printed Name
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~~A. FRANCHISE AGREEMENT AND EXHIBITS~~
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~~I. DEVELOPMENT AGREEMENT~~
~~J. STATE EFFECTIVE DATES~~
~~K. RECEIPTS~~

~~(Print Name)~~ ~~(Signature)~~

~~Date~~

Please sign this copy of the receipt, print the date on which you~~***r signature***~~received this disclosure document, and return ~~***this form to us as described in Item 23.***~~it, by mail or email to Stride Franchise SPV, LLC, 17877 Von Karman Avenue, Suite 100, Irvine, California 92614. Email: salesinfo@xponential.com.