

FRANCHISE DISCLOSURE DOCUMENT

Yoga Joint Franchising, LLC
(A Florida limited liability company)
698 W. Yamato Road
Boca Raton, Florida 33431
(305) 302-2884
www.yogajoint.com



The Franchisor is Yoga Joint Franchising, LLC. The franchise offered is for the operation of a heated boutique yoga and fitness studios under the trade name and trademark YOGA JOINT® and using Franchisor's SHIFT teacher training program.

The total investment necessary to begin operation of a Yoga Joint franchise is in the range of \$1,115,997 to \$1,719,996. This includes approximately \$57,497 to \$109,996 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation of a Yoga Joint franchise for the first studio if you sign an Area Development Agreement, for the minimum development of 3 Yoga Joint studios, is \$1,155,997 - \$1,759,996. This includes approximately \$97,497 to \$149,996 that must be paid to the Franchisor or affiliate. If you and we agree to the development of more than 3 Yoga Joint studios, then your initial total investment for the first studio will increase by the number of additional Yoga Joint studios to be opened under the Area Development Agreement, multiplied by \$20,000.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant.

Note, however, that no governmental agency has verified the information contained in this document.

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact Bernie Zarco at: 698 W. Yamato Road, Boca Raton, Florida 33431; (305) 302-2884 or franchise@yogajoint.com.

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

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

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

Issuance Date: June 24, 2025.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits G and H.
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 E 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 Yoga Joint business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Yoga Joint franchisee?	Item 20 or Exhibits G and H list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The Franchise Agreement and Area Development Agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Florida than in your own state.
2. **General Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Short Operating History.** The franchisor is at an early state 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. **Mandatory Minimum Payments.** You must make minimum advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

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 relating to a franchise:

- (a) A prohibition of the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee asset to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years; and (ii) the franchises is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchisee 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 franchisee for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

THE FACT 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 shall be directed to the Department of Attorney General, Consumer Protection Division, G. Mennen Williams Building, 1st Floor, 525 West Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

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- F. Operations Manual Table of Contents
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ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES.

The franchisor is Yoga Joint Franchising, LLC ("Franchisor," "We," "Us" or "Our"). "You" means the individual, corporation, or other entity that buys a Yoga Joint franchise. If the franchise will operate through a corporation or partnership, "you" also includes the franchisee's owners or partners.

The Franchisor

Yoga Joint Franchising, LLC is a Florida limited liability company that was formed on October 6, 2022. Its principal business address is 698 W. Yamato Road, Boca Raton, Florida 33431, and its telephone number is (305) 302-2884. We do business under our corporate name and the trade name and service mark "YOGA JOINT."

We have not offered franchises in any other line of business. Nor are we engaged in other business activities. We do not presently own or operate Yoga Joint businesses, but we may choose to do so in the future. As of the issuance date of this disclosure document, there are 8 affiliate-owned Yoga Joint locations owned and operated by affiliates of ours. We refer to these businesses as "Company-Owned." The first Company-Owned Yoga Joint Studio opened in January 2010 in North Fort Lauderdale, Florida, the second Company-Owned Yoga Joint Studio opened in March 2018 in Davie, Florida, the third Company-Owned Yoga Joint Studio opened in July 2018 in Deerfield Beach, Florida, the fourth opened in February 2019 in Downtown Fort Lauderdale, Florida, the fifth opened in June 2020, in Central Boca Raton, Florida, the sixth opened in March 2021, in Pembroke Pines, Florida, the seventh opened in May 2022, in Hollywood, Florida, the eighth opened in August 2022, in Midtown, Miami, Florida, and the last one that has opened was in June 2024, in Coral Springs, Florida. Our affiliates that own and operate these Company-Owned Yoga Joint Studios have never offered franchises in this or any other line of business.

We have offered franchises since January 2023.

Our agents for service of process in the states whose franchise laws require us to name a state agency as agent for service, is disclosed in Exhibit A to this disclosure document.

The Franchise Offered

We offer and sell franchises for Yoga Joint studios, which are heated boutique yoga and fitness studios that currently offer yoga and HIIT classes and operate under the name and mark "YOGA JOINT." We grant you the right to operate a Yoga Joint franchise (the "Yoga Joint Studio") under the terms of the Franchise Agreement ("Franchise Agreement") attached to this disclosure document as Exhibit B.

You must operate your Yoga Joint Studio only from a location approved by us. A typical Yoga Joint studio will occupy approximately 3,500 to 5,000 square feet of space and will be leased from a third party. You will be required to operate your Yoga Joint Studio in accordance with the Franchise Agreement, our Confidential Operations Manual, business policies (the "Operations Manual" or "Manual") and any other manuals and instructional materials we provide for use in the Yoga Joint System, and using our designated "Yoga Joint" trade name and trademark, and other commercial symbols, insignias, trademarks, service marks, logos, and designs we may designate in the future ("Proprietary Marks"). The System may include methods, systems and procedures to operate a Yoga Joint Studio, including sales techniques, advertising,

sign and equipment specifications, control systems, bookkeeping and accounting methods, ongoing teacher training, and other proprietary operational processes, all of which may change from time to time at our sole discretion, as set forth in our Operations Manual or otherwise.

Area Development Agreement

We may, in our sole and absolute discretion, offer you the right to open a minimum number of Yoga Joint Studios within a designated Development Area under the terms of an Area Development Agreement, which is attached to this disclosure document at Exhibit C. The Yoga Joint Studios will be in a number mutually agreed to (but no less than 3 studios), within a specified area established by us. You must sign a Franchise Agreement for each Yoga Joint Studio opened under the Area Development Agreement. Upon establishing each additional Yoga Joint Studio under the Area Development Agreement, you will be required to sign the then-current Franchise Agreement, which may differ from the current Franchise Agreement included with this Franchise Disclosure Document. If you sign an Area Development Agreement, you will be responsible for developing the minimum number of Yoga Joint Studios set forth in the Area Development Agreement. We will determine the size of the Development Area, approve the number of Yoga Joint Studios to be developed (not less than 3 studios), and the development schedule. We must consent to each location and each Yoga Joint Studio must meet our design standards. You must continue to meet our then current standards and qualifications for the grant of a new franchise, including, without limitation, continuing to demonstrate that you are sufficiently capitalized and have sufficient financial resources to open and operate the Yoga Joint Studios, or our approval of your development or opening of scheduled Yoga Joint Studios may be withheld. You are granted limited rights of development protection during the term of the Area Development Agreement.

Parents

Our parent company is Yoga Joint Holdings, LLC, a Florida limited liability company formed on September 1, 2016. Its principal place of business is 698 W. Yamato Road, Boca Raton, Florida 33431. Yoga Joint Holdings, LLC has never offered franchises in this or any other line of business.

Affiliates

We do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.

Predecessors

We do not have any predecessors.

Market Conditions

You will offer your fitness services and products to the general public, although we target adults between 18 and 65. The market for fitness services and products is well established and very competitive. We are one of many franchisors and retail operators in this highly competitive industry. Sales may or may not be seasonal depending on the demographics and location of your studio. The fitness service industry is subject to market fluctuations based on changes in economic conditions, changes in consumer spending patterns, workout trends, labor conditions, wage rates and the number of competing fitness businesses, trainers and teachers.

Competition

You will compete with other yoga and fitness studios, health clubs, gyms and other businesses that offer similar products and services, including on-demand businesses, trainers and yoga teachers, as well as national and regional gyms, many of which have greater financial resources and a longer operating history than Yoga Joint. You will compete with these competitors for customers, access to desirable locations, and personnel. This competition may impact the likelihood of success of your Yoga Joint Studio.

Industry-Specific Regulations

All local, state and federal laws that apply to your Yoga Joint Studio must be complied with by you. It is your obligation to be aware of applicable laws, ordinances and regulations relating to discrimination, OSHA, Americans with Disabilities Act requirements, employment, minimum wage and labor, sexual harassment, workers' compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes, and any other laws, rules and regulations which apply to businesses in general. You must also comply with all federal and state information-privacy laws and regulations (including, without limitation, the Gramm-Leach-Bliley Act) that may be applicable to your Yoga Joint Studio and the information that your Yoga Joint Studio collects from its customers and prospective customers. We also require your compliance with all provisions of the USA Patriot Act and Executive Order 13224. Among the other licenses and permits you may need are: zoning or land use approvals, sales and use tax permits, special tax stamps, fire department permits, alarm permits, county occupational permits, retail sales licenses, and wastewater discharge permits. In addition, certain states and local governments have laws relating to health and fitness clubs, including laws requiring certain medical equipment in the premises, requiring owners to deposit into escrow certain amounts collected from members before the club opens, posting information concerning steroids and other drug use, limiting the sale of supplements, requiring bonds if the club sells memberships valid for more than a specified period of time, and other restrictions regarding memberships that club can sell. You should consult with your attorney or other professional advisor about all of these laws, rules and regulations, and any other local laws and ordinances that may affect the operation of your Yoga Joint Studio.

ITEM 2: BUSINESS EXPERIENCE.

Bernie Zarco: Chief Executive Officer and Board Member

Mr. Zarco has been our Chief Executive Officer since our inception in October 2022. From September 2016 to the present, he has been the Chief Executive Officer and a Board Member of our parent, Yoga Joint Holdings, LLC, in Boca Raton, Florida.

David Lopez: Board Member

Mr. Lopez has been a Board Member of our parent, Yoga Joint Holdings, LLC from September 2016 to the present in Boca Raton, Florida. Mr. Lopez has been the CEO of Geldstroom LLC from March 2024 to the present in San Antonio, Texas. From January 2017 to December 2023, Mr. Lopez was the Founder/Chief Executive Officer of Dental Whale, LLC in Sunrise, Florida. From 2009 to December 2023, Mr. Lopez was the Chief Executive Officer of Dental Fix Rx, LLC in Davie, Florida.

Elizabeth Paige Held: Co-Founder, Master Teacher Educator and Board Member

Ms. Held co-founded Yoga Joint in May 2010 in Fort Lauderdale, Florida. She has been our Master Teacher Educator since our inception in October 2022, and has been the Master Teacher Educator of our parent, Yoga Joint Holdings, LLC, from January 2016 to the present in Boca Raton, Florida.

Kelly Green: Master Teacher Educator

Ms. Green has been our Master Teacher Educator since our inception in October 2022, and has been the Master Teacher Educator of our parent, Yoga Joint Holdings, LLC, from August 2011 to the present in Boca Raton, Florida.

Adam Boalt: Chief Technology Officer

Mr. Boalt has been our Chief Technology Officer of our parent, Yoga Joint Holdings, LLC, from September 2016 to the present in Boca Raton, Florida. From October 2006 to the present, Mr. Boalt has been the Chief Executive Officer of Boalt LLC in Miami, Florida.

Adrienne Tierney: Vice President of Sales and Operations

Ms. Tierney has been our Vice President of Sales and Operations since November 2022. From November 2021 to November 2022, Ms. Tierney was our Director of Sales and Operations. From January 2018 to October 2021, Ms. Tierney was International Enterprise Business Manager for Orangetheory Fitness Corporate, LLC in Boca Raton, Florida.

Ernesto Garruto: Director of Business Development

Mr. Garruto has been our Director of Business Development since January 2023. From October 2014 to December 2023, he also served as Director of Business for Transition Whale, LLC in Sunrise, Florida.

Alexis G. Pappas: Director of Brand Experience and Operational Development

Ms. Pappas has been our Director of Brand Experience and Operational Development since January 2023. From 2012 to the present, she has been our and our corporate Yoga Joint studios' Lead Teacher. From 2017 to January 2023, Ms. Pappas was our Regional Studio, Retail and Marketing and Director of Client Engagement in Ft. Lauderdale, Florida.

Christine Carr: Vice President of Human Resources

Ms. Carr has been our Vice President of Human Resources since August 2021. From October 2015 to August 2021, Ms. Carr was the Senior Director of Human Resources for Orangetheory Fitness Corporate, LLC in Boca Raton, Florida.

Agata Owczarek: Controller

Ms. Owczarek has been our Controller since July 2022. From October 2022 to December 2022, Ms. Owczarek was the Controller at Gubagoo in Boca Raton, Florida. From December 2018 to March 2020, Ms. Owczarek was the Senior Accountant at Bluegreen Vacations in Boca Raton, Florida.

Jonathan Canarick: Board Member

Mr. Canarick will commence serving on our Board of Managers in January 2025. From July 2001 to the present, Mr. Canarick has been the Managing Partner of North Castle Partners in New York, New York.

ITEM 3: LITIGATION.

Prior Actions.

Commonwealth of Virginia, ex rel. State Corporation Commission v. Dental Fix Rx, LLC and David Lopez, Case No. SEC-2018-00041, Settlement Order filed November 20, 2019

The Commonwealth of Virginia, State Corporation Commission (“Commission”) alleged that (i) Dental Fix Rx, LLC (“Dental Fix”) and David Lopez, who was its Chief Executive Officer from 2009 – 2017, failed to disclose in its FDD that David Lopez was the chief executive officer of a franchise system that entered into a January 2009 settlement with the Commission (*Commonwealth of Virginia, Ex rel., State Corporation Commission v. Froots Franchising Companies, Inc.*, Case No. SEC-2008-00105, 2009 SCC Ann. Rept. 587, Settlement Order (Jan. 9, 2009)) (the “2009 Virginia v. Froots Enforcement Action”), in which the Commonwealth of Virginia alleged that the franchise granted or offered franchises in the Commonwealth during a brief period when its registration of its disclosure materials had lapsed and failed to provide registered disclosure documents to prospective buyers required under the Virginia Retail Franchising Act and which required the payment of \$6,000 (\$4,500 in monetary penalties and \$1,500 for costs) to the Commonwealth, and that such disclosure was required under the Virginia Retail Franchising Act (the “Act”), (ii) from 2013 to 2016, Dental Fix’s website contained alleged misrepresentations of franchise revenue forecasts that Virginia franchisees relied on when purchasing the franchise in violation of the Act; and (iii) that Dental Fix allegedly violated the Act when certain employees of Dental Fix made alleged untrue statements of material facts or omitted material facts in the offer and sale of franchises to Virginia franchisees concerning the potential monthly franchise revenues that failed to include the number of customers, the number of competitors within the franchise territories, the level of sales and service experience needed and the level of training and dental experience needed to make the franchise successful. Dental Fix and David Lopez deny these allegations. A Settlement Order was agreed to by Dental Fix and David Lopez, which was entered and filed by the Commission on November 20, 2019, which requires Dental Fix and David Lopez: (i) to make an offer of rescission to the Virginia franchisees; (ii) to not direct any current franchisee to have contact with prospective Virginia franchisees prior to a franchise sale, and for current franchisees’ revenues to not appear in or be referenced in any online or other solicitation advertisement that is accessible by prospective Virginia franchisees; (iii) to pay The Treasurer of Virginia \$12,000 in monetary penalties and \$5,000 to defray the costs of the investigation; and (iv) to not violate the Virginia Retail Franchising Act in the future.

In the Matter of Determining whether there has been a violation of the Franchise Investment Protection Act of Washington by: David Lopez and Dental Fix Rx, LLC, Order No.: S-19-2776-20-CO01; Consent Order entered June 3, 2021.

The State of Washington, Department of Financial Institutions, Securities Division (the “Division”) alleged that (i) Dental Fix made financial performance representations during the sales process to a Washington resident outside of those contained in Dental Fix’s FDD by allegedly directing the resident to an article on Dental Fix’s website in which David Lopez discussed hourly rates and the number of service calls of Dental Fix franchisees; (ii) Dental Fix allegedly made a gross revenue claim to the Washington resident through an individual represented by Dental Fix to be a franchisee, but who was receiving a salary by Dental Fix at the time, and by allegedly failing to qualify that the franchisee’s alleged revenue claim with information about the franchisee’s previous experience in the industry or that his territory was different than an average franchisee; (iii) the franchise broker network and franchise broker who sold a Dental Fix franchise to the

Washington resident was not registered as franchise brokers in Washington at the time of the sale; and (iv) Dental Fix and David Lopez failed to disclose the 2009 Virginia v. Froots Enforcement Action (see above) in Dental Fix's FDD given to the Washington resident. Dental Fix and David Lopez deny these allegations. A Consent Order was agreed to by Dental Fix and David Lopez, which was entered by the Division on June 2, 2021, which requires Dental Fix and David Lopez: (i) to cease and desist from offering or selling franchises in violation of RCW 19.100.140, the franchise broker registration section of the Franchise Investment Protection Act of Washington; (ii) to cease and desist from violating RCW 19.100.170, the violations section of the Franchise Investment Protection Act of Washington; (iii) to pay the Division investigative costs of \$5,156.25; and (iv) to send a copy of the Consent Order, along with an offer of rescission, to the franchisee who purchased a franchise in Washington and to pay the Washington franchisee the \$30,000 initial franchise fee if the franchisee accepts the offer.

No other litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY.

No bankruptcies are required to be disclosed in this Item.

ITEM 5: INITIAL FEES.

Initial Franchise Fee

We charge an Initial Franchise Fee of \$50,000 for each Yoga Joint franchise. You must pay the Initial Franchise Fee in full when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable once paid. The Initial Franchise Fee is typically uniform.

If you sign an Area Development Agreement, the Initial Franchise Fee for each Yoga Joint Studio you develop under the agreement after the first Yoga Joint Studio will be reduced to \$40,000.

We will require you to sign the Deposit Agreement for Franchise Agreement attached to this disclosure document as Exhibit I and pay a \$10,000 non-refundable deposit ("Deposit") to reserve the right to a Yoga Joint studio franchise (subject to our approval of you) in the area that you are interested in and we agreed to ("Potential Territory"). The Deposit is not refundable, even if: we do not approve you as a franchisee. If you fail to timely sign the Franchise Agreement and/or fail pay the balance of the Initial Franchise Fee within 30 days of the date of the Deposit Agreement ("First 30 Day Period"), and do not send us a written request for a 30-day extension prior to the expiration of the First 30 Day Period, we will not reserve the Potential Territory. If you send us a written request for a 30-day extension prior to the expiration of the First 30 Day Period, then you will have another 30 days (the "Second 30 Day Period") to sign the Yoga Joint Franchise Agreement and pay the balance of the Initial Franchise Fee. If you then fail to sign the Franchise Agreement or pay the balance of the Initial Franchise Fee within the Second 30 Day Period, then we will not reserve the Potential Territory. If you send us a written request for an additional extension prior to the expiration of the Second 30 Day Period, we may or may not agree to in our sole discretion. In any event, the Deposit is not refundable. The Deposit will be applied to the Initial Franchise Fee for one franchised studio, upon your timely execution of the Franchise Agreement.

Area Development Fee

If you enter into an Area Development Agreement, you must develop no less than 3 Yoga Joint Studios in your Development Area. The Area Development Agreement requires the payment of an Area Development Fee equal to \$50,000, which is the Initial Franchise Fee for the first Yoga Joint Studio to be developed, plus \$20,000 multiplied by the number of Yoga Joint Studios to be developed under the Area Development Agreement. Therefore, the Area Development Fee will be a minimum of \$90,000. The Area Development Fee is credited against the Initial Franchise Fee due for each Yoga Joint Studio you develop under the Area Development Agreement at the rate of \$50,000 for the first Yoga Joint Studio and \$20,000 for the second and each additional Yoga Joint Studio you develop under the Area Development Agreement. The \$20,000 balance of the Initial Franchise Fee for the second and each additional Yoga Joint Studio shall be due and payable to us at the time you sign the lease for each such Yoga Joint Studio. The aggregate amount of such credits is not to exceed the Area Development Fee. No portion of the Area Development Fee is refundable, even if we terminate your Area Development Agreement, or you fail to open all of the Yoga Joint Studios required under your Area Development Agreement.

If you sign an Area Development Agreement, we will require you to sign the Deposit Agreement for Area Development Agreement attached to this disclosure document as Exhibit J and pay a \$25,000 deposit ("Deposit") to reserve the right to open at least 3 Yoga Joint Studios (subject to our approval of you) in the area that you are interested in and we agreed to ("Potential Development Area"). The \$12,500 of Deposit is not refundable, even if: we do not approve you as a developer/franchisee. If you fail to timely sign the Area Development Agreement and/or fail pay the balance of the Area Development Fee within 45 days of the date of the Deposit Agreement ("First 45 Day Period"), and do not send us a written request for a 30-day extension prior to the expiration of the First 45 Day Period, we will not reserve the Potential Development Area, the Deposit Agreement will be terminated and we will return to you \$12,500 of the \$25,000 Deposit. In either event, \$12,500 of the Deposit is not refundable. The Deposit will be applied to the Area Development Fee upon your timely execution of the Area Development Agreement.

Technology Fee

We charge a monthly Technology Fee of \$999 per month for, currently, use of our Yoga Joint mobile application, including on-demand classes, for our production of content for such on-demand classes, data portal and administrative tool, e-mail, and for use of our required learning management system and retreat software. The products and services included in the Technology Fee are subject to change at any time. You will need to start using the application during the Pre-Sales Training portion of our Initial Training Program, which must take place at least 3 months, but not more than 4 months, prior to the scheduled opening of your Yoga Joint Studio. The Technology Fee will start then and is subject to change, as set forth in our manual or otherwise. We may adjust the amount of the Technology Fee, but will not increase the Technology Fee by more than ten percent (10%) per annum. You will pay us \$2,997 - \$3,996 in Technology Fees (3 to 4 months of fees) before your Yoga Joint Studio opens. The Technology Fee is not refundable.

Hubspot Fee

We will invoice you for your use of Hubspot, our required customer relationship management software, and collect the fee from you and pay it to the vendor. Currently, the fee is estimated to be \$500 to \$1,000 per month, initially, depending on the size of the database of customers and leads associated with your Yoga Joint Studio. This fee will increase as your

customer and lead database grows. This fee commences at the start of your Pre-Sales Training portion of our Initial Training Program, which will be approximately 3 to 4 months before the scheduled opening of your Yoga Joint Studio. You will pay us approximately \$1,500 to \$4,000 for Hubspot before your Yoga Joint Studio opens. These fees are not refundable.

Sales Assistance Fee

If you elect to use us for centralized call center and sales team services to assist you in soliciting new members ("Sales Services"), we will charge you \$2,000 per month. This fee commences when you elect to start using Sales Services, even if prior to opening. If you use this service, we recommend you commence using during your Pre-Sales Training portion of our Initial Training Program, which will be approximately 3 to 4 months before the scheduled opening of your Yoga Joint Studio. We estimate the Sales Assistance Fee will be \$0 to \$8,000 before you open your Yoga Joint Studio. If you elect the Sales Services, the fees are not refundable once paid.

Marketing Management Fee

We charge a monthly fee of \$1,000 for us to manage your local, digital advertising and marketing campaigns and/or targeted media. Even if you do not perform any digital advertising and marketing campaigns or targeted media, this Marketing Management Fee is still due to cover our overhead, administrative costs, and content creation costs. This fee commences at the start of your Pre-Sales Training portion of our Initial Training Program, which will be approximately 3 to 4 months before the scheduled opening of your Yoga Joint Studio. You will pay us \$3,000 to \$4,000 in Marketing Management Fees before your Yoga Joint Studio opens. The Marketing Management Fees are not refundable.

On-Site Launch Training Travel Expenses

In connection with the opening of your Yoga Joint Studio, we will provide you with on-site opening assistance for a period of approximately 5 to 7 weeks ("On-Site Launch Training"). The duration and timing of such On-Site Launch Training will be determined by us based on your operating experience and abilities, in our sole judgment. You must pay all expenses incurred by us in connection with the On-Site Launch Training, including, but not limited to, travel, transportation, meals and lodging expenses. Payment is due within 10 days of your receipt of an invoice from us. We estimate such expenses to be approximately \$0 - \$40,000. This payment is not refundable unless we are able to get a refund of any such expenses.

You are not required to pay us or our affiliates any other fees or payments for goods or services before your Yoga Joint Studio opens.

ITEM 6: OTHER FEES.

OTHER FEES

Type of Fee (note 1)	Amount	Due Date	Remarks
Royalty Fee	8% of Gross Revenue	Monthly, (on such day designated by us), for the preceding	See notes 1 and 2.

Type of Fee (note 1)	Amount	Due Date	Remarks
		month.	
Marketing Fund Fee	If established, 2% of Gross Revenue	Monthly, (on such day designated by us), for the preceding month	We presently do not collect this fee, but reserve the right to in the future. See notes 1 and 2.
Local Marketing Expenditure	First 24 months of operations, at least \$2,500 per month, though we recommend at least \$5,000 per month; commencing the 25th month of operations and thereafter for the remaining term, recommended spend of \$2,500 month.	Monthly	Such local marketing, advertising and promotion must be spent on digital advertising, geo targeting, direct marketing, and any other marketing directed in your Territory that we may recommend or require or that we approve in writing in advance, using advertising and marketing materials prepared or pre-approved by us. Such local marketing, advertising and promotion must be done through an agency approved by us and/or by us, if we offer such services. Currently, we do not provide these services but may in the future.
Regional/Local Advertising Cooperative	A monthly fee not greater than 1.5% of Gross Revenue.	Monthly	We presently do not collect this fee, but reserve the right to in the future. If we require you to participate in a regional or local advertising cooperative, the amount will be credited against your Local Marketing Expenditure. (note 2)
Sales Assistance Fee	If you elect to use us for centralized call center and sales team services to assist you in soliciting new members ("Sales Services"), \$2,000 per	Monthly	We may, upon 90 days prior written notice, change the Sales Assistance Fee and may add, in our sole discretion, commission fees. You may at any time after electing to receive these services from us, upon 90 days prior written notice to us, terminate these Sales Services.

Type of Fee (note 1)	Amount	Due Date	Remarks
	month		This fee commences when you elect to start using Sales Services, even if prior to opening.
Marketing Management Fee	\$1,000 per month	Monthly	This fee is for us to manage your local, digital advertising and marketing campaigns and/or targeted media. Even if you do not perform any digital advertising and marketing campaigns or targeted media, this Marketing Management Fee is still due to cover our overhead, administrative costs, and content creation costs. We may adjust the amount of the Marketing Management Fee, but will not increase the fee by more than 6% per annum.
Renewal Fee	\$25,000	Upon renewal of Franchise Agreement	You will have the right to renew the Franchise Agreement before the expiration of the Initial Term for 2 additional successive terms of 5 years each, provided all the conditions set forth in Section 1.5 of the Franchise Agreement have been fulfilled.
Additional Training Program Fee (for re-enrollment in our Initial Franchisee Training, if failed or for training of replacement Operating Partner)	\$500 for each person	As incurred	If we reasonably conclude that you (or your Operating Partner) and/or your manager failed to attend or successfully complete our Initial Franchisee Training, we may charge you this fee for each person that must re-attend the Initial Franchisee Training. You must also pay all expenses incurred in connection with training, including, but not limited to, employee salaries, transportation costs, meals, lodging and other living expenses. You are responsible for training all replacement managers, the front desk employees and all other employees (except for

Type of Fee (note 1)	Amount	Due Date	Remarks
			instructors and the Operating Partner) using our required training materials and/or online content for no additional fee. You must send replacement Operating Partners to the next scheduled Initial Franchisee Training, for which we will charge this fee. You will also be responsible for the trainee's travel, transportation, meals, lodging and other living expenses.
Mandatory continuing training sessions, refresher courses, programs and/or meeting scheduled from time to time by Franchisor (note 9)	Not more than \$1,000 per person, per day	As incurred	At your sole cost and expense, you or your Operating Partner, your managers and other staff may be required to attend, as required by us, webinars, training sessions, refresher courses, programs and/or other meetings scheduled from time to time by us, at a location and date chosen by us in advance. We may charge you a fee for each such session, course, program or meeting. This fee is subject to change at any time, but shall not exceed \$1,000 per person, per session, course, program and/or meeting, as set forth in the Manual or otherwise. You will also be responsible for all wages, travel, lodging and living expenses that trainees occur in connection with such training, course, program or meeting.
New Instructor Training	The then-current fees. Currently, \$499 per instructor, plus their travel, transportation, meals, lodging and other living expenses incurred while	Prior to training.	Prior to teaching at the Yoga Joint Studio, all of your instructors must be certified in our Yoga Joint training for the following modalities: Flow and Fiit. After we provide the initial Instructor Certification Training that is part of the Initial Training

Type of Fee (note 1)	Amount	Due Date	Remarks
	training.		Program, we will charge you our then-current fee, not to exceed \$1,500 per instructor, for new teacher certification training. All new teacher certification training will take place in person at a Yoga Joint studio determined by us.
On-going Yoga Joint training Instructor Certification Annual Fee	The then-current fees. Currently, \$499 per year for up to 12 instructors. We may change such fee to a monthly or quarterly charge and may charge up to \$100 for each instructor beyond the 12 included in the \$499 annual fee.	Annually, commencing 12 months after your Yoga Joint Studio opens.	At your cost, all of your instructors must keep their Yoga Joint training certification with us up to date and attend all required ongoing certification training. We will charge our then-current annual Yoga Joint training certification fees for your instructors. The annual fee will include one year of our required ongoing training and Yoga Joint training certification.
Certifying Trainer to Train other Instructors	The then-current fees. Currently, \$1,500 per person, plus their travel, transportation, meals, lodging and other living expenses incurred while training.	As incurred	You may elect to have a trainer certified by us to certify your instructors in the Yoga Joint training. If you do, we will charge our then-current fees, not to exceed \$3,000 per person. Trainer certification training will take place in person at a Yoga Joint studio determined by us and/or our offices.
On-Site Remedial Training	Currently, \$300 per day, plus expenses incurred by us in providing the on-site training	As incurred	In connection with the opening of the Yoga Joint Studio, we will provide you with on-site opening assistance for approximately 5 to 7 weeks ("On-Site Launch Training"). We are not obligated to provide you with any additional on-site training or assistance, but if we

Type of Fee (note 1)	Amount	Due Date	Remarks
			elect to do so at your request, or if you are operating below our standards and we require you to have additional training, we will charge our then-current fee for each day of on-site training we agree to provide. This fee is subject to change by us at any time, but shall not exceed \$1,000 per day. In addition, you shall also pay all expenses incurred by us in connection with the on-site training, including, but not limited to, employee salaries, transportation costs, meals, lodging and other living expenses.
On-Site Studio Manager or Instructor Assistance	Currently, \$300 per day, plus expenses incurred by us in providing the on-site studio manager or instructor assistance.	As incurred	If you request us to send one of our operations team members or instructors to cover as a studio manager or instructor in your Yoga Joint studio on a temporary basis, and we in our sole discretion agree, we will charge our then-current fee for each day of on-site studio manager or instructor assistance we agree to provide. This fee is subject to change by us at any time, but shall not exceed \$1,000 per day. You shall also pay all expenses incurred by us in connection with the on-site studio manager or instructor assistance, including, but not limited to, employee salaries, transportation costs, meals, lodging and other living expenses.
Conferences	Not to exceed \$1,000 per person.	Before conference	You must attend, at your expense, any conferences held by us at a location we designate. You are responsible for all expenses and costs incurred to attend such conferences, including, without limitation, wages, travel, lodging, and subsistence expenses of those persons attending the

Type of Fee (note 1)	Amount	Due Date	Remarks
			conferences.
Relocation Fee	\$5,000	Before consummation of transaction	You may not relocate your Yoga Joint Studio to another location without first obtaining our written approval, which may be withheld for any reason. If we approve your request to relocate, you must pay us this fee.
Interest on past due fees	18% per year or highest contract rate of interest allowed by law, whichever is less	As incurred	
Charge for returned check or nonpayment due to "Insufficient Funds" or otherwise	\$50	As incurred	Paid only if bank payment is refused for any check or pre-authorized draft.
Audit Fees	Actual Amount of Audit.	As incurred	Paid if an audit or financial review of your Yoga Joint Studio by a Certified Public Accountant or other professional reveals that you understated the Gross Revenue by 2% for any month, or by 5% for any calendar year, plus actual amount of fees due as a result of underreporting.
Damages, Costs and Attorneys' Fees	Actual amount of damages, attorneys' fees, costs and expenses incurred by us	As incurred	You must pay for our damages, expenses, costs and attorneys' fees if we are successful in enforcing any term of the Franchise Agreement, or any other rights that we may have as a matter of law arising out of the franchise relationship.
Indemnification Fee	Actual amount of damages we suffer	As incurred	You must indemnify us against any and all losses, costs, expenses (including attorneys' and experts' fees), court costs, claims, demands, damages, liabilities, however caused, from the operation of your Yoga Joint Studio or from any proposed assignee of the franchise.
Management Fees	Actual expenses	As incurred	From the date of death or disability of Franchisee, or the

Type of Fee (note 1)	Amount	Due Date	Remarks
	incurred by us, plus a management fee equal to 10% of your Yoga Joint Studio's weekly Gross Revenue		owner of a controlling interest in Franchisee, unless and until a fully trained and qualified Manager assumes full-time operational control of the franchised Yoga Joint Studio, we may, but are not obligated, to assume full control of and operate your Yoga Joint Studio. If we do, then during this period, we will deduct our expenses for travel, lodging, meals, and all other expenses and fees from the Yoga Joint Studio's monthly Gross Revenue and pay ourselves this management fee.
Transfer Fee	\$5,000 if the transfer is an assignment of a 50% or less ownership interest in the franchisee entity; or \$25,000 if the transfer is more than a 50% ownership interest in the franchisee entity or the sale of all or substantially all of the Yoga Joint Studio's assets.	Before transfer	Payable if you transfer or assign your Yoga Joint Studio or an interest in the franchisee.
Roll-Up Sale Commission Fee	10% of gross sales price paid for your Yoga Joint Studio (or ownership interest in your franchisee entity)	At closing of any such sale.	If we put together the sale of a package of Yoga Joint franchise businesses ("Roll-Up Event"), you are offered the opportunity to participate in such Roll-Up Event, and you elect, at your option, to sell your Yoga Joint Studio business (or the ownership interests of you) in such Roll-Up Event, you must pay us this commission fee. Any such sale shall be subject to you executing

Type of Fee (note 1)	Amount	Due Date	Remarks
			a general release in favor of us, our partners, proprietors, directors, officers, shareholders, members, executors, administrators, successors and assigns. We make no representations, promises or warranties of any kind that there will ever be a Roll-Up Event or, if one occurs, that we will offer you the opportunity to participate in any such Roll-Up Event.
Software and/or Technology Fees to Third Party Vendors	Then-current fees. These fees are not currently being collected by us, but we reserve the right to collect such fees in the future.	Per vendor terms	Currently, you pay fees for your required software, platforms, telephone, music license, internet and other technology fees directly to the vendors. We reserve the right to collect this fee or charge you a fee for such software. We may also require you to pay service or maintenance fees charged by us or our designated vendor in connection with our software systems or programs.
Technology Fee	Then-current fee. Currently, \$999 per month	Monthly, for the preceding month, on or before the 15 th day of the following month	This fee is for access to, currently, our Yoga Joint mobile application, including on-demand classes, for our production of content for such on-demand classes, data portal and administrative tool, e-mail, and for access to our required learning management system and retreat software. We will produce on-demand content from time to time in our sole discretion. The products and services included in the Technology Fee are subject to change at any time. This Technology Fee is subject to change, as set forth in our manual or otherwise.
Hubspot (CRM) Software Fee	Currently, estimated \$500	Monthly	We will invoice you for your use of Hubspot, collect the fee from

Type of Fee (note 1)	Amount	Due Date	Remarks
	to \$1,000 per month, depending on the size of the database of customers and leads associated with your Yoga Joint Studio.		you and pay it to the vendor. Currently, the fee is estimated to be \$500 to \$1,000 per month, initially, depending on the size of the database of customers and leads associated with your Yoga Joint Studio. This fee is your pro-rata share of the fees charged, based on your database size compared to other Yoga Joint studios. This fee will increase as your customer and lead database grows. This fee is subject to change by the vendor.
Costs of Supplier Approval Evaluation	Actual costs to evaluate proposed supplier	As incurred	If you desire to offer products or services from a supplier that has not been approved by us, then you may request our approval. Any costs incurred by us in evaluating a proposed supplier shall be paid by you.
Area Development Transfer Fee	\$5,000 multiplied by the remaining number of Yoga Joint Studios to be developed	Before transfer	Developer must transfer entire interest in the Area Development Agreement as well as all Yoga Joint Studios then owned and operated by Developer to the same approved assignee; partial transfers are not allowed. This transfer fee is in addition to the transfer fee(s) required to be paid under the franchise agreements for any Yoga Joint Studio approved to be transferred that are part of the same transaction.
Area Development Agreement Development Area Change Fee	\$5,000 multiplied by the remaining number of Yoga Joint Studios to be developed	Upon our approval of change to Development Area	Developer may not change its Development Area without obtaining our prior written approval, which may be withheld for any or no reason and in our sole discretion.

Note 1: Unless this disclosure document specifically provides otherwise, all fees and costs payable to us are uniformly imposed and are non-refundable. Under Section 9.7 of the Franchise Agreement, all Royalty Fees, Marketing Fund Fees, and other fees and costs required to be paid to us must be paid by Electronic Funds Transfer (EFT). You agree to comply with our payment instructions, and to sign any and all documents and forms necessary to effectuate the automatic bank drafts. See Franchise Agreement, Section 9.7.

Note 2: The term “Gross Revenue” shall include all revenues and income from whatever source derived or received by you from, through, by or on account of the operation of your Yoga Joint Studio or from the sale of products or services which are promoted or sold under any of the Proprietary Marks, whether received in cash, in services, in kind, on credit (whether or not payment is received), bartering, or otherwise. Revenue received from any retreats, workshops or other special events that may be offered by you are included in Gross Revenue. There will be deducted from Gross Revenue, to the extent they have been included: (i) all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if you separately state the taxes when the customer is charged and if you pay the taxes to the appropriate taxing authority; and (ii) any documented refunds, chargebacks, credits and allowances given in good faith to customers by you (such deductions will not include any credit card user fees, returned checks or reserves for bad credit or doubtful accounts). The use of any coupons or other discounts, waivers, or any bartering or exchange transactions, or the sale of any products or services bearing the Proprietary Marks outside the Yoga Joint Studio without our prior written approval is prohibited and the amount of the discount, unapproved exchange or unauthorized sale offered by you in such case shall also be included in the definition of Gross Revenue.

ITEM 7: ESTIMATED INITIAL INVESTMENT.

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure (note 1)	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (note 2)	\$50,000	Lump sum, Nonrefundable	Unless financing through us, the full amount upon execution of the Franchise Agreement	Us
Real Estate (note 3)	\$40,000 - \$115,000	Lump sum, Nonrefundable	Prior to opening	Your Landlord
Tenant Improvements/ Construction Costs (note 4)	\$600,000 - \$900,000	Lump sum or financed, Nonrefundable	As arranged	Designated vendors, third Parties
Architectural Plans	\$15,000 - \$25,000	Lump sum or as arranged	As arranged	Third party or designated vendor
Furniture, Fixtures, Equipment, Signage (note 5)	\$191,000 - \$235,000	As arranged	As incurred prior to opening	Third Parties, Designated Vendors

Type of Expenditure (note 1)	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Technology/ Systems (note 6)	\$7,500 - \$12,500	Lump sum	Prior to opening	Designated Vendors, Third Parties
Technology Fees (note 7)	\$2,997 - \$3,996	Monthly	As incurred prior to opening	Us
Hubspot (CRM Software) Fees (note 8)	\$1,500 - \$4,000	Monthly	As incurred prior to opening	Us
Sales Assistance Fee (note 9)	\$0 - \$8,000	Monthly	As incurred prior to opening	Us
Marketing Management Fee (note 10)	\$3,000 - \$4,000	Monthly	As incurred prior to opening	Us
Start-up Supplies & Initial Retail Inventory	\$20,000 - \$35,000	As arranged	As incurred prior to opening	Third Parties, Designated Vendors
Utility Deposits (note 11)	\$1,500 - \$5,000	Lump sum	As incurred prior to opening	Utility Companies
Licenses and Permits (note 12)	\$10,000 - \$25,000	Lump sum	As incurred prior to opening	Governmental Organizations, Licensed Professionals
Insurance (note 13)	\$11,000 - \$14,000	Insurance company terms	Per insurance carrier	Insurance company
Opening Advertising (note 14)	\$60,000 - \$60,000	As arranged	As incurred prior to opening	Third Parties, Designated Vendors
Travel and Living Expense while in Training (note 15)	\$0 - \$8,000	As incurred	As incurred	Employees or Staff, Airlines, Rental car agencies, Restaurants, Hotels, etc.

Type of Expenditure (note 1)	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Additional Assistance per Week (optional) (note 16)	\$0 - \$5,500	As incurred	As incurred after opening	Us
On-Site Launch Training Travel Expenses (note 17)	\$0 - \$40,000	As incurred	Prior to opening	Us
Professional Fees (note 18)	\$0 - \$5,000	As incurred	As incurred	Attorneys and accountants
Pre-Opening Employee Compensation	\$25,000 - \$40,000	As incurred	Prior to opening	Employees and Instructors
Surety Bond for Health Studio License (required in Florida) (note 19)	\$2,500 - \$25,000	As incurred	Prior to opening	Insurance company
Additional Funds for First 3 Months of Operations (working capital) (note 20)	\$75,000 - \$100,000	As incurred	As incurred	Us, Third Parties and Employees
TOTAL ESTIMATED INITIAL INVESTMENT	\$1,115,997 - \$1,719,996	N/A	N/A	N/A

Note 1: Your initial investment for a new Yoga Joint studio depends upon (1) its size; (2) its configuration; (3) its location; (4) who pays the cost of developing the real estate and/or construction of the business; and (5) the amount and terms of financing. The initial funds required must be estimated since most costs are not within our control and may change at frequent intervals. These figures are estimates only. Amounts paid to suppliers or third parties (other than us) may or may not be refundable, depending on the arrangement you make with the supplier.

Note 2: The Initial Franchise Fee is non-refundable. We do not offer financing for this fee or any part of your initial investment. If you get financing, we require that no more than 70% of your estimated total initial investment is financed.

Note 3: Real Estate costs vary considerably according to the size of your Yoga Joint Studio, fair market values in your area, your real estate interest (leasehold or ownership), location, and whether you or your landlord develops the location. Your costs can vary depending

on the size of the site and municipal requirements. The Yoga Joint Studio will usually occupy leased space, and will typically contain 3,500 to 5,000 square feet. Although we do not recommend it, some leases may obligate the tenant to pay the landlord an additional “percentage rent” amount, equal to the amount by which the rent per square foot is exceeded by a percentage of gross sales. Leases are usually “triple net,” requiring the tenant to reimburse the landlord for all of the landlord’s costs of operation. These triple net costs and Common Area Maintenance (CAM) charges are determined by negotiation with the landlord and will vary from location to location. This estimated range for Real Estate considers 3 month’s rent and a security deposit. We recommend that you negotiate with your landlord for a “free rent” period of 3-6 months prior to or after opening your Yoga Joint Studio. We cannot guarantee that you will be able to get any “free rent” period. You may also be able to negotiate with the landlord a tenant improvement allowance, which could reduce your initial investment by up to approximately \$350,000. However, rent will typically be higher if you negotiate a tenant improvement allowance. We strongly suggest that you seek the advice of a real estate professional familiar with the market in which you will be located and the relevant laws.

- Note 4: This estimate assumes you pay the entire cost of construction with no tenant improvement allowance or contribution by the landlord for construction and assumes the premises are delivered with four bare walls and ceiling, electric in place, gas in place, an HVAC system in place, and that non-union labor will be employed. If the premises are not so delivered, these costs may substantially increase, and if union labor is used, these costs may additionally increase. We recommend that you negotiate with your landlord for a tenant improvement allowance as part of your lease. Although not included as part of the above estimates, our affiliates have obtained approximately \$0 - \$50 per square foot for tenant improvement allowance. We cannot guarantee that you will be able to negotiate any tenant improvement allowance.
- Note 5: This estimate includes estimated costs associated with furniture, furnishings, installations, signage, decorations, trade fixtures, fitness equipment, AED and first aid equipment/training, and other items for your Yoga Joint Studio. The amount of specific items will vary depending upon the location, size and condition of the particular premises of your Yoga Joint Studio.
- Note 6: This estimate includes estimated costs of office equipment, computers, phone, software and technology costs and fees. You will be required to install a designated telephone line as well as any other necessary items for downloading information and credit card confirmation.
- Note 7: This estimate is 3 to 4 months of the monthly Technology Fees due to us under the Franchise Agreement, which commence when you start using our app. You will need to start using our app for the Pre-Sales Training portion of our Initial Training Program.
- Note 8: We collect this fee and pay it to the vendor. Currently, the fee is estimated to be \$500 to \$1,000 per month, initially, depending on the size of the database of customers and leads associated with your Yoga Joint Studio. This fee will increase as your customer and lead database grows. This fee commences at the start of your Pre-Sales Training portion of our Initial Training Program, which will be approximately 3 to 4 months before the scheduled opening of your Yoga Joint Studio.

- Note 9: If you elect to use us for Sales Services, we will charge you \$2,000 per month. This fee commences when you elect to start using Sales Services, even if prior to opening. If you use this service, using during your Pre-Sales Training portion of our Initial Training Program, which will be approximately 3 to 4 months before the scheduled opening of your Yoga Joint Studio.
- Note 10: We charge a monthly fee of \$1,000 for us to manage your local, digital advertising and marketing campaigns and/or targeted media. Even if you do not perform any digital advertising and marketing campaigns or targeted media, this Marketing Management Fee is still due to cover our overhead, administrative costs, and content creation costs. This fee commences at the start of your Pre-Sales Training portion of our Initial Training Program, which will be approximately 3 to 4 months before the scheduled opening of your Yoga Joint Studio.
- Note 11: The telephone, gas, water and electric companies, and/or others supplying services to your Yoga Joint Studio may require deposits. The deposits may be refunded to you at a later date. In most cases, your lease will require you to pay electric, gas, water and other utilities directly; however, some landlords cover some utility charges through CAM fees or operating fees (see Note 2 above).
- Note 12: The estimate includes the estimated costs of obtaining building permits and other local city permits you will need to construct and open your Yoga Joint Studio, as well as incorporation and related fees. These estimates vary from state to state, and city and local municipalities.
- Note 13: You are obligated under the Franchise Agreement to obtain and maintain occurrence based comprehensive general liability coverage, including bodily injury, property damage, advertising injury and personal injury of at least \$1 Million per occurrence, \$2 Million general aggregate, special form property insurance coverage, including fire and extended coverage, vandalism and malicious mischief insurance for one hundred percent (100%) of the replacement value of the Yoga Joint Studio and its contents; employment practices liability insurance of at least \$250,000 annual aggregate with a \$25,000 maximum deductible, business interruption insurance of not less than seventy-five percent (75%) of the Yoga Joint Studio's annual revenue, automobile liability insurance (if a vehicle is used in connection with the Yoga Joint Studio) of at least a combined single limit of \$1 Million or the amount required by law, whichever is greater, workers' compensation, unemployment insurance and state disability insurance (as required by governing law), and any other insurance required under the terms of the lease or in accordance with your state's laws for the Yoga Joint Studio.
- Note 14: You must conduct grand opening advertising and promotion of your Yoga Joint Studio approximately 3 months before the opening of your Yoga Joint Studio and for approximately 1 week after. You must spend at least \$60,000 on this grand opening advertising and promotion.
- Note 15: You will incur all costs and expenses associated with the mandatory training program. These costs include transportation, lodging, compensation of employees and meals. Generally, these costs will vary as a function of the distance traveled, the lodging selected, the distance between the lodging and the location of the Initial Franchisee Training and the type of transportation selected. This estimate contemplates attendance of 1 to 2 persons (the franchisee or Operating Partner and another owner) traveling to or

offices or one of the Company-Owned Yoga Joint studios in the South Florida area (or a destination or business location as designated by us) and attending the Initial Franchisee Training as required by the Franchise Agreement for approximately 4 days.

Note 16: This estimate is for any additional on-site training and assistance you may request after you open and we complete the On-Site Launch Training. If we are available, we will charge you, currently, \$300 per day.

Note 17: In connection with the opening of your Yoga Joint Studio, we will provide you with On-Site Launch Training for a period of approximately 5 to 7 weeks. You must pay all expenses incurred by us in connection with the On-Site Launch Training, including, but not limited to, travel, transportation, meals and lodging expenses.

Note 18: You may need to employ an attorney, an accountant and other consultants to assist you in establishing your Yoga Joint Studio. These fees may vary from location to location depending upon the prevailing rate of attorneys' fees, accountants' and consultants' fees and the scope of services requested.

Note 19: This estimate is for the approximate cost to obtain a surety bond for a health studio license, which is required in the State of Florida for your Yoga Joint Studio. You may be required to obtain a similar bond if your Yoga Joint Studio is located in another state, which you are responsible for determining and complying with any such requirements.

Note 20: This is an estimate of the minimum funds needed only for opening expenses and working capital to operate the Yoga Joint Studio for a period of 3 months after opening. In formulating the estimated amount of additional funds for the first 3 months of operation, we relied on our affiliates' experience in establishing and operating yoga studios similar to the franchise offered in this disclosure document in South Florida since 2018. The estimate of additional funds includes payroll for your employees, but does not include any allowance for an owner's draw. The amount will vary substantially depending on your situation and must be determined by you. The actual amount of additional funds you will need depends on a variety of factors, including: how closely you follow methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for the Yoga Joint Studio services; prevailing wage rate; and the sales level achieved during the initial period. Additional working capital may be needed beyond the initial 3-month period. You may have to put additional cash into the business. In addition, we recommend that you have sufficient additional funds available to cover your personal living expenses for a period of no less than 6 months. These figures should be reviewed with an accountant and a business advisor before making a decision to purchase a franchise.

AREA DEVELOPMENT AGREEMENT

If you sign an Area Development Agreement, we estimate that the total investment necessary for each Yoga Joint Studio you are required to open under the Area Development Agreement will be from \$1,115,997 to \$1,719,996, as set forth in the Estimated Initial Investment Chart listed above. In addition, you will be required to develop no less than 3 Yoga Joint Studios in your Development Area and you will be required to pay, at the time you sign the Area Development Agreement, the Area Development Fee, which is equal to \$50,000 (which will be credited towards the Initial Franchise Fee for the first Yoga Joint Studio), plus \$20,000 multiplied by the number of Yoga Joint Studios to be developed under the Area Development Agreement.

Therefore, if you sign an Area Development Agreement, the Area Development Fee will be a minimum of \$90,000 (for 3 Yoga Joint Studios), and the estimated initial investment for the first Yoga Joint Studio (if you agree to develop 3 studios) is \$1,155,997 to \$1,759,996. If you and we agree to the development of more than 3 Yoga Joint Studios, then your estimated initial investment for the first Yoga Joint Studio will increase by the number of additional Yoga Joint Studios to be opened under the Area Development Agreement, multiplied by \$20,000. The Area Development Fee is non-refundable.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.

Required Purchases

To help assure a uniform image and uniform quality of products and services in all Yoga Joint studios, you must maintain and strictly comply with our standards. You must purchase certain products, supplies, equipment, materials and services required for the operation of the Yoga Joint Studio only from suppliers designated in writing by us; from suppliers selected by you and approved by us; and/or from vendors of your choice, in accordance with our written specifications. These products, vendors and specifications are identified periodically in the Manual, or in notices from us, but may be changed or modified from time to time as we deem necessary.

We will furnish you with a list of approved manufacturers, suppliers and distributors and a list of approved products, signs, stationary, software, equipment, supplies and other items or services necessary to operate the Yoga Joint Studio. Although we do not directly provide material benefits to our franchisees based on their use of designated or approved sources, franchisees may receive discounts on products and/or services from those approved sources if offered by the suppliers. We do not guarantee any such discounts and such discounts may be terminated by the approved or designated source at any time.

We may offer to sell you these or other products and services (directly or through a designee). If we do, and if you decide to purchase these products or services from us or if we require you to purchase them from us, you must pay the prices we (or our designee) charge at that time (which will include a profit to us or our designee). Your costs for these products are usually non-refundable, though we (or our designee) may negotiate partial refunds for some items in special circumstances.

Required and Approved Suppliers

Before your instructors can teach at your Yoga Joint Studio, they must receive initial training from us, and they must receive ongoing training from us or a trainer of yours that has been certified and trained by us to stay up to date with the Yoga Joint training certifications as required by us. You will be responsible for paying our fees for such training.

We require you to purchase our required point of sale and scheduling system software, music subscription, music licensing (ASCAP), management subscription, employee scheduling software, accounting software, other software programs and/or technology services, credit card reader, and equipment from our designated vendors. We may also require you to use our designated architect and computer vendors.

We require you to purchase your retail products, marketing materials and signage from designated vendors and/or vendors we approve. We must also approve the contractor you use to buildout your Yoga Joint Studio.

We may in the future require you to purchase your retail products from us and/or per our specifications. Currently, we may make retail product recommendations for you.

You must purchase certain supplies per our specifications.

We also require you to purchase and maintain for your Yoga Joint Studio comprehensive general liability insurance, including bodily injury, property damage, advertising injury and personal injury of at least \$1 Million per occurrence, \$2 Million general aggregate; special form property insurance coverage, including fire and extended coverage, vandalism and malicious mischief insurance for one hundred percent (100%) of the replacement value of the Yoga Joint Studio and its contents; employment practices liability insurance of at least \$250,000 annual aggregate with a \$25,000 maximum deductible; if any vehicle is used in connection with the Yoga Joint Studio, automobile liability coverage with a combined single limit of \$1 Million for bodily injury and property damage, or the amount required by applicable law, whichever is greater; business interruption insurance of not less than seventy-five percent (75%) of the Yoga Joint Studio's annual revenue; workers' compensation insurance (in statutory amounts); unemployment insurance and state disability insurance (as required by governing law); any other insurance required under federal, state, or local law applicable to the Yoga Joint Studio. You must name us as an additional insured and provide that the coverage afforded applies separately to each insured against whom a claim is brought as though a separate policy had been issued to each insured.

Neither Franchisor nor its officers own an interest in any supplier that our franchisees are required to use.

Approval of Alternative Suppliers

You must notify us in writing if you want to offer for sale at, or use in the operation of, the Yoga Joint Studio any brand of product or services that are not then approved by us, or to purchase any product from a supplier that is not then designated by us as an approved supplier, for our review and written approval. If requested by us, you must submit samples and any other information as we may require for testing or to otherwise determine whether the product, material or supplies, or the proposed supplier meets our specifications and quality standards. You will be responsible for all costs associated with such testing. We will send you written notice of supplier or product approval or disapproval within 60 to 90 days of our receipt of all the information and samples we request. The supplier may be required to sign a supplier agreement. We may revoke approval of a previously approved item, service or supplier at any time and in our sole discretion, upon written notice.

We may, at our sole discretion, apply the following general criteria in approving a proposed supplier: (1) ability to provide quality products and services in conformity with our specifications; (2) price; (3) terms; (4) reputation; (5) years in business; and (6) financial strength as well as other factors.

Revenue from Franchisee Purchases

We do not currently derive revenue, or other material consideration, from required purchases or leases by you and other franchisees.

Neither we nor our affiliates currently receive payments, rebates or other material consideration from suppliers based on required purchases or leases by franchisees. However, we and our affiliates reserve the right to receive rebates or other benefits based on purchases by franchisees, which we may retain for ourselves and/or themselves and for our and/or their benefit alone, in our sole discretion.

We estimate that your cost to purchase and lease products and services from vendors we designate, approve, or pursuant to our specifications, will account for approximately 85% - 90% of your total cost to establish your Yoga Joint Studio, and approximately 10% - 30% of your total cost to operate your Yoga Joint Studio on an ongoing basis.

While we may, at our discretion, attempt to negotiate purchase arrangements with manufacturers and suppliers for the benefit of Yoga Joint franchisees and to secure lower pricing based on volume discounts, we have no obligation to do so, and any discounts or other purchasing arrangements are not guaranteed by us and may be terminated by the manufacturer/supplier at any time.

There are presently no purchasing or distribution cooperatives in existence for our franchise system.

We do not provide material benefits such as renewal or granting additional franchises based on whether you purchase particular goods or services or use particular suppliers.

ITEM 9: FRANCHISEE'S OBLIGATIONS.

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Item	Document
a. Site selection and acquisition/lease	FA: Sections 1.2, 3.1 – 3.2 ADA: Sections 2.1, 6.1 and 6.2	Items 1, 7, 11 and 12	
b. Pre-opening purchases/leases	FA: Sections 6.8, 6.9 and 6.13 ADA: Not applicable	Items 5, 7 and 8	
c. Site development and other pre-opening requirements	FA: Sections 3.3, 4.1 – 4.5 and 6.1 ADA: Article 6	Items 7, 8 and 11	

Obligation	Section in Agreement	Disclosure Item	Document
d. Initial and ongoing training	FA: Sections 5.2 – 5.4 and 6.18 ADA: Not applicable	Items 6 and 11	
e. Opening	FA: Section 6.1 ADA: Section 2.1	Items 5 and 11	
f. Fees	FA: Sections 1.5, 2.1, 5.2 – 5.5, 6.18, 9.1 – 9.13, 13.4 and 13.7 ADA: Article 5; Sections 3.1 and 8.2	Items 5, 6 and 7	
g. Compliance with standards and policies/ Operating Manual	FA: Recitals; Sections 5.1, 6.2 – 6.5, 6.7, 6.9, 6.12, 6.16 ADA: Section 1.2	Items 11 and 16	
h. Trademarks and proprietary information	FA: Sections 14.1 – 14.8 ADA: Sections 1.2 and 9.1	Items 13 and 14	
i. Restrictions on products/services offered	FA: Sections 6.2, 6.9, 6.12 and 6.27 ADA: Not applicable	Items 8, 11 and 16	
j. Warranty and customer service requirements	FA & ADA: Not applicable.	Not applicable.	
k. Territorial development and sales quotas	FA: Not applicable ADA: Section 2.1	Items 12 and 17	
l. Ongoing product/service purchases	FA: Sections 6.9 and 6.12 ADA: Not applicable	Items 8 and 11	
m. Maintenance, appearance and remodeling requirements	FA: Sections 1.5, 6.3 and 13.4 ADA: Not applicable	Item 11	
n. Insurance	FA: Sections 7.1 – 7.4 ADA: Not applicable	Items 7 and 8	
o. Advertising	FA: Sections 6.10, 8.1 – 8.6 ADA: Not applicable	Items 7 and 11	

Obligation	Section in Agreement	Disclosure Item	Document
p. Indemnification	FA: Sections 4.4, 13.4, 14.6 and 15.2 ADA: Not applicable	Item 6	
q. Owner's participation/ management / staffing	FA: Sections 5.2 – 5.3, 6.6 and 6.7 ADA: Not applicable	Items 9, 11 and 15	
r. Records and reports	FA: Sections 6.17, 9.7 and 10.1 – 10.4 ADA: Sections 7.2 and 7.3	Item 6	
s. Inspections and audits	FA: Sections 6.16 and 10.2 ADA: Not applicable	Item 6	
t. Transfer	FA: Sections 13.1 – 13.8 ADA: Article 8	Items 6 and 17	
u. Renewal	FA: Section 1.5 ADA: Section 4.2	Items 6 and 17	
v. Post-termination	FA: Sections 12.2, 17.1 and 17.2 ADA: Sections 9.3 and 10.5	Item 17	
w. Non-competition covenants	FA: Sections 12.1 – 12.5, 13.4 and 17.1 ADA: Article 9	Item 17	
x. Dispute resolution	FA: Sections 23.1 – 23.7 ADA: Article 11	Item 17	
y. Other: Guarantee of franchisee obligations (note 1)	FA: Section 6.17 ADA: Section 7.4	Item 22	
z. Other: Security interest (note 2)	FA: Section 9.16 ADA: Not applicable	Item 22	

Note 1: If franchisee is a corporation, limited liability company, partnership, limited partnership or any other type of legal entity, then all owners of the franchisee entity must sign an agreement (in the form attached to the Franchise Agreement as Exhibit E and to the Area Development Agreement as Exhibit D) under which all owners agree to be jointly and severally liable for all the obligations to Franchisor under the Franchise Agreement and Area Development Agreement (if applicable), and to be bound by all the terms,

conditions and covenants of the Franchise Agreement and Area Development Agreement (if applicable).

Note 2: In order to secure the prompt performance by you of the obligations of the Franchise Agreement, you must grant us a security interest in the franchise granted by the Franchise Agreement and the furniture, equipment, fixtures, improvements and Gross Revenue of your Yoga Joint Studio. You must execute our standard Security Agreement (attached to the Franchise Agreement as Exhibit G), and to perfect this security interest, you will also execute a standard UCC-1 Financing Statement.

ITEM 10: FINANCING.

We do not offer any direct or indirect financing. We do not guarantee your notes, lease or any of your other obligations. If you get financing, we require that no more than 70% of your estimated total initial investment is financed.

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

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

Pre-Opening Assistance

Before you open your Yoga Joint Studio, we will:

Under the Franchise Agreement

- (1) Approve or disapprove a site for your Yoga Joint Studio within 15 business days after you have provided all the information we request to evaluate the site. You select the site of your Yoga Joint Studio Location within your Site Selection Area, but we may help you to do so. If we fail to communicate our approval or disapproval to you in that time, the site will be deemed approved. (Franchise Agreement Section 3.1) If we cannot agree on a site and you fail to timely commence operation of your Yoga Joint Studio, then we may terminate the Franchise Agreement without providing you any opportunity to cure and the Initial Franchise Fee will be forfeited. The general site selection criteria that we recommend for you to consider includes traffic patterns, site visibility, area demographics, adequacy of parking, lease rates, competitors, and tenant mix at the proposed location. You are solely responsible for locating a site that meets our standards and criteria and that is acceptable to us. The final decision as to the selection of the site for your Yoga Joint Studio is your sole responsibility regardless of our consent to the Location. If you do not lease or acquire an acceptable location for your Yoga Joint Studio within 180 days from the date of the Franchise Agreement, such failure constitutes a material breach of the Franchise Agreement, and we may, at our option, terminate the Franchise Agreement upon notice without affording you any opportunity to cure the breach. (Franchise Agreement, Sections 1.2, 6.1, and 16.2). Our identification of, consent to, or acceptance of a site for the Yoga Joint Studio does not constitute a guarantee, recommendation, assurance or endorsement as to the likelihood of success of the site of your Yoga Joint Studio, nor does it indicate that such site satisfies all of the recommended site selection criteria, which is not a precise and exact science. We will not, generally, own the premises to lease to you. We will not provide assistance with: conforming the premises to local ordinances and building codes and

obtaining required permits; constructing, remodeling, or decorating the premises; or hiring your employees.

- (2) Designate your Territory. (Franchise Agreement, Section 1.2)
- (3) Approve or disapprove the proposed lease or purchase agreement for the Yoga Joint Studio Location within 10 days after we receive it. If we fail to communicate our approval or disapproval to you in that time, the lease will be deemed not approved. (Franchise Agreement, Section 3.2) You must deliver to us a copy of a proposed lease for an acceptable Location within 90 days after the execution of the Franchise Agreement. (Franchise Agreement, Sections 3.2 and 6.1) You and the landlord of the Location must execute the Lease Addendum attached to the Franchise Agreement as Exhibit F. Your failure to provide us with a copy of the proposed lease within this period of time will constitute a material breach of the Franchise Agreement and we may, at our option, terminate the Franchise Agreement without affording you the opportunity to cure the breach. (Franchise Agreement, Sections 3.2 and 16.2)
- (4) Lend you a copy of or provide you with access to the Confidential Operating Manual (the "Manual"). (Franchise Agreement, Section 5.1) You must strictly comply with the Manual in operating your Yoga Joint Studio. We can change the Manual, from time to time, at our sole discretion, and you must comply with these changes when you receive them. The Table of Contents of the Manual as of the date of this disclosure document is attached to this document as Exhibit F. The total number of pages in the Manual is 192 pages.
- (5) Designate the supplies, software, equipment, materials and services that you are required to purchase before commencing operation of your Yoga Joint Studio. (Franchise Agreement, Section 6.8)
- (6) Furnish you with written specifications and/or names of designated or approved suppliers for required products, software, services, fixtures and supplies that you are required to purchase. (Franchise Agreement, Section 6.9)
- (7) Make an initial training program available to you or your Operating Partner, your manager, and other staff, as well as all of your instructors (the "Initial Training Program"). (Franchise Agreement, Sections 5.2, 5.3 and 5.4)
- (8) In connection with the opening of your Yoga Joint Studio and as part of the Initial Training Program, we will provide you with on-site opening assistance for approximately 6 to 10 days. (Franchise Agreement, Section 5.4)
- (9) Either approve or disapprove advertising, promotions, signs, posters and displays before installation or display. (Franchise Agreement, Sections 4.5 and 8.1)

Under the Area Development Agreement:

If you sign an Area Development Agreement, you and we will agree upon the Development Area, the number of Yoga Joint Studios you must develop (which must be a minimum of 3) and the development schedule. (See Exhibits A and B to Area Development Agreement, a copy of which is attached to this disclosure document at Exhibit C). You select the site of your Yoga Joint Studio locations within your Development Area, but we may help you to do so. You may not establish a Yoga Joint Studio anywhere outside of your Development Area.

Provided that you are in full compliance with all terms and conditions of your Area Development Agreement and any other agreements with us or our affiliates, and meet our then-current standards and qualifications for the grant of a new franchise, we will offer you a franchise to operate a Yoga Joint Studio at a location for which you obtained our consent by delivering to you promptly after we consent to the location, a Franchise Disclosure Document and an execution copy of our then-current form franchise agreement pertaining to the location. (ADA, Sections 6.2 and 6.3) If, however, we are not legally able to deliver a Franchise Disclosure Document to you by reason of any lapse or expiration of our franchise registration, or because we are in the process of amending any such registration, or for any other reason beyond our reasonable control, we may delay our consent of the location for your proposed Yoga Joint Studio until such time as we are legally able to deliver a Franchise Disclosure Document, and such delay shall not constitute a default under the Area Development Agreement. If you fail to meet your obligations under the Area Development Agreement, we have the right to terminate your Area Development Agreement.

In addition to granting you the right to establish a specific number of Yoga Joint Studios under your Area Development Agreement, we will also provide you with the assistance described in this Item 11 for each Yoga Joint Studio you open under your Area Development Agreement.

Typical Length of Time Before Operation

You must open your Yoga Joint Studio within 365 days after you sign your Franchise Agreement. We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of your Yoga Joint Studio is approximately between 240 to 365 days. Factors affecting time include finding the location, the condition of the site, the construction schedule for the Yoga Joint Studio, the extent to which the location must be upgraded or remodeled, the delivery schedule for equipment and supplies, acquiring permits and zoning requirements, compliance with local laws and regulations, attendance at and satisfactory completion of the Initial Training Program and hiring staff. We will have unlimited access to the site during any construction.

Ongoing Assistance:

During the operation of your Franchised Business, we will:

- (1) If established, maintain the Marketing Fund. (Franchise Agreement, Section 8.5)
- (2) Provide updates to our list of approved supplies, approved or designated suppliers and/or our specifications as necessary. (Franchise Agreement, Section 6.9)
- (3) Either approve or disapprove advertising, promotions, signs, posters and displays before installation or display. (Franchise Agreement, Section 8.1)
- (4) Furnish you with such assistance in connection with the operation of the Franchised Business as we may, from time to time, deem appropriate in our sole discretion. We may, but are not required to, provide these services in person, by telephone, e-mail, the internet, or through any other means as we deem appropriate. Timing will depend on the availability of our personnel. (See Franchise Agreement, Section 5.6)
- (5) At our sole option and where legally permitted, we may, from time to time, establish minimum and/or maximum prices below or above which you may not offer and sell products

and/or services under the Franchise Agreement (and we shall likewise have the right from time to time to revise or eliminate any such minimum or maximum prices at our sole option). In addition, or alternatively, we may, from time to time, suggest prices for products or services offered and sold by you at the Yoga Joint Studio. (Franchise Agreement, Section 6.26)

Training

You must, at your expense, comply with all of the training requirements we prescribe for the Yoga Joint Studio. We will make an Initial Training Program available to you or your Operating Partner, the manager and other staff. (Franchise Agreement, Section 5.2)

The Initial Training Program will consist of 4 parts and will be conducted at such place as we designate in our sole discretion, which may include a Yoga Joint studio, our offices, as well as at your Yoga Joint Studio. The first part will be the Franchisee Initial Training. You or your Operating Partner must attend this training in person at our offices in Pembroke Pines, Florida, or at a Yoga Joint studio in South Florida, as we designate, within 30 days of the date of the Franchise Agreement. The Franchisee Initial Training will be approximately 4 days in duration. We may, in our sole discretion, provide some parts of this Franchisee Initial Training remotely or online. You will be solely responsible for all expenses and costs incurred, including, without limitation, wages, travel, lodging, and subsistence expenses of those persons attending the Franchisee Initial Training. The second part of the Initial Training Program will be the Pre-Sales Training and will take place at your Yoga Joint Studio at least 2 months, but not more than 4 months, prior to the scheduled opening of your Yoga Joint Studio. You (or, if Franchisee is an entity, then your Operating Partner) and your manager must attend the Pre-Sales Training, which will be approximately 5 days. The third part of the Initial Training Program will be the Launch Training, which will include pre and post opening training at your Yoga Joint Studio approximately 3 to 4 weeks before the scheduled opening and approximately 2 to 3 weeks post-opening, and will be approximately 5 to 7 weeks. The duration of the Launch Training will depend on your and your manager's experience. The fourth part of the Initial Training Program will be the Instructor Certification Training, which will take place approximately 2-3 weeks before opening at your Yoga Joint Studio. Your head instructor must attend this training, as well as all instructors engaged by you at the time of such training. The Instructor Certification Training will take place at your Yoga Joint Studio approximately 2 weeks before the scheduled opening and will be approximately 2 weeks in duration. The minimum training that any instructor will have will be the Fiit and Flow instructor training, which will be a combination of online and in person training in South Florida. We may determine the length or portion of the Initial Training Program that you (or your Operating Partner) and your designated manager are required to attend based on such individuals' experience and role in the day-to-day operation of the Yoga Joint Studio. We will determine and notify you of the date of commencement of all of these parts of the Initial Training Program, which will depend on our availability and schedule. If you fail to complete the Initial Training Program, or any other required training, to our satisfaction, we may elect to terminate the Franchise Agreement under Article 16.

If any training is offered online, you cannot allow any persons other than your owners, designated Manager and Yoga Joint Studio employees to view any part of the Initial Training Program, which is confidential. You must advise us of all of your trainees. Should we learn that you permitted any unauthorized person to view any part of the Initial Training Program or other training programs, classes or courses offered by us online or remotely, we will have the right to immediately terminate the Franchise Agreement upon written notice to you.

A schedule for the Initial Training Program is as follows:

TRAINING PROGRAM

Franchisee Initial Training (Part 1)

Subject	Hours of Classroom Training	Hours of On-The Job Training	Location
DAY ONE			
Welcome & Introduction to Yoga Joint Credo/Service Standards	2.5	—	Franchisor office in Pembroke Pines, Florida or Yoga Joint studio in South Florida
3 Pillars	0.5		
Leadership and Self Deception	1		
Compliance and Continuity	0.5	—	
Your Role as an Owner	1	—	
In-Studio Experiences and Goal Setting	0.75	—	
Recap	0.25	—	
DAY TWO			
Questions, Agenda & Expectations	0.5	—	Franchisor office in Pembroke Pines, Florida or Yoga Joint studio in South Florida
Fitness	2	—	
Hiring and Recruiting	2	—	
Overall Learning	0.75	—	
Recap	0.25	—	
DAY THREE			
Questions, Agenda & Expectations	0.5	—	Franchisor office in Pembroke Pines, Florida or Yoga Joint studio in South Florida
Marketing	2	—	
Presales	2	—	
App and CRM	0.75	—	

Recap	0.25	—	
DAY FOUR			
Questions, Agenda & Expectations	0.25	—	Franchisor office in Pembroke Pines, Florida or Yoga Joint studio in South Florida
Operations	1	—	
Retail	1	—	
		—	
MarianaTek	0.75		
Baremetrics	1		
Recap	0.25	—	
DAY FIVE			
Questions, Agenda & Expectations	0.5	—	Franchisor office in Pembroke Pines, Florida or Yoga Joint studio in South Florida
Guest Franchisee	1	—	
Real Estate	1	—	
Construction and Design	2	—	
Fixtures/Equipment	1	—	
Finance	0.75	—	
Recap	0.25	—	
TOTAL	28 hours	0 hours	

Pre-Sales Training (Part 2)

Subject	Hours of Classroom Training	Hours of On-The Job Training	Location
BLOCK ONE			
Owner/Studio Manager Meet & Greet	1	—	On-site at your Yoga Joint Studio
Review Staff Responsibilities (Including Owner)	1	—	
Staff Assessment	1	—	
Goal Planning and Expectations	1	—	
Market Tour	0.25	1	
BLOCK TWO			
Welcome to Yoga Joint	1	—	On-site at your Yoga Joint Studio
Why presales training	0.25	—	
Presales timeline	1	—	
30 Second Pitch Practical Training	0.5	—	
Business/Studio Policies & Membership Packs	1	—	
Defining Roles & Responsibilities	1	—	
Credo	1	—	
Technology	1	—	
Formula for Success	1	—	
Sales Tools	1	—	
The Classes	1	—	
BLOCK THREE			
Lead Generation & Marketing 101	1	—	On-site at

Business to Business Relationships	0.5	0.5	your Yoga Joint Studio
Lead Management & Follow Up Strategy	1	—	
Introduction to MarianaTek	1	—	
MarianaTek Practical Training	0.5	—	
Capturing Phone Leads	0.25	—	
Telephone Inquiry Practical Training	0.5	—	
Setting Appointments	0.25	—	
Sales 101	1	—	
Membership Agreement	1	—	
Sales Practical Training	—	1	
BLOCK FOUR			
Presales Site Table Review	1	—	On-site at your Yoga Joint Studio
TOTAL	22 hours	2.5 hours	

Launch Training (Part 3)

Subject	Hours of Classroom Training	Hours of On-The Job Training	Location
DAY ONE			
Introduction	0.5	—	Your Yoga Joint Studio
Business and Operations Platforms	2.5	—	
Human Resources	0.5	—	
KPI and Reporting	0.75	—	
Baremetrics	1.5	—	

MarianaTek Reporting	1.5	—	
DAY TWO			
Technology	3	—	Your Yoga Joint Studio
MarianaTek Basics	1	—	
Service Standards	0.75	—	
Daily Production Model	0.75	—	
Communication	0.25	—	
Telephone Inquiry	0.75	—	
Prospecting and Marketing	0.75	—	
Lead Management/Hubspot	0.75	—	
DAY THREE			
Membership/Packages Options and Policies	0.75	—	Your Yoga Joint Studio
Sales 101	0.75	—	
Sales Process	4	—	
Handling Objections	0.75	—	
Onboarding Process	0.75	—	
DAY FOUR			
Preparing for VIP Classes	0.75	—	Your Yoga Joint Studio
Exam	0.5	—	
Member Experience	1.5	—	
	0.75	—	
Sales, Marketing and Business Policies	0.5	—	
Friends and Family/VIP Classes	—	2	
DAY FIVE			

VIP Class Teaching	—	2	Your Yoga Joint Studio
TOTALS	26.25 hours	4 hours	

Instructor Certification Training (for Flow and Fiit) (Part 4)

(Flow instructor certification training)

Subject	Hours of Classroom Training	Hours of On-The Job Training	Location
SESSION ONE -Operational Procedures			
Best Practices for Lighting, Heat and Sound, fans	0.5	—	Your Yoga Joint Studio
Proper class equipment set-up	0.5	—	
Setting up a new student and ensuring their success	1.5	—	
Announcements	0.75	—	
Teacher and class introduction and closing	0.75	—	
How to turn the room over	2	—	
SESSION TWO-Expectations of a Yoga Joint FLOW Teacher			
Showing up on time	1.5	—	Your Yoga Joint Studio
Proper dress and cleanliness	1	—	
Client etiquette	1	—	
How to continue a healthy relationship with the clients	2	—	

SESSION THREE			
Explanation of the FLOW Class Schedule	0.75	—	Your Yoga Joint Studio
Access to Master Library of all the postures	0.25	—	
Online Access to all FLOW classes	2	—	
Breaking down the FLOW/ Clinicing all of the postures	2	—	
SESSION FOUR			
Demoing	1	—	Your Yoga Joint Studio
It's a VIBE Workshop Series for FLOW	0.5	—	
How to create the “stage presence” for each class	0.75	—	
Personalize the experience	1.5	—	
Creating the right energy in class	1	—	
Dharma/Inspiration Talk	0.25	—	
Round Robin/Teaching Practice	1	—	
The Importance of Brand Consistency	2	—	
	—	2	
SESSION FIVE			
One on one coaching	0	2	Your Yoga Joint Studio
TOTALS	24.5 hours	4 hours	

(Fiit instructor certification training)

Subject	Hours of Classroom Training	Hours of On-The Job Training	Location
SESSION ONE -Operational Procedures			
Best Practices for Lighting, Heat and Sound, fans	0.5	—	Your Yoga Joint Studio
Proper class equipment set-up	0.5	—	
Setting up a new student and ensuring their success	1.5	—	
Announcements	0.75	—	
Teacher and class introduction and closing	0.75	—	
How to turn the room over	2	—	
SESSION TWO-Expectations of a Yoga Joint FIIT Teacher			
Showing up on time	1.5	—	Your Yoga Joint Studio
Proper dress and cleanliness	1	—	
Client etiquette	1	—	
How to continue a healthy relationship with the clients	2	—	
SESSION THREE			
Explanation of the FIIT Class Schedule	0.75	—	Your Yoga Joint Studio
Access to Master Library of all FIIT exercises	0.25	—	
Online Access to all FIIT classes	2	—	

Breaking down the FIIT class/ Clinicing all of the FIIT exercises	2	—	
SESSION FOUR			
Demoing	1	—	Your Yoga Joint Studio
It's a VIBE Workshop Series for FIIT	0.5	—	
How to create the “stage presence” for each class	0.75	—	
Personalize the experience	1.5	—	
Creating the right energy in class	1	—	
FIIT Inspiration	0.25	—	
Round Robin/Teaching Practice	1	—	
The Importance of Brand Consistency	2	2	
SESSION FIVE			
One on one coaching	0	2	Your Yoga Joint Studio
TOTALS	24.5 hours	4 hours	

Training Instructors.

Bernie Zarco: CEO

Mr. Zarco has been our Chief Executive Officer since our inception in October 2022. From September 2016 to the present, he has been the Chief Executive Officer of our parent, Yoga Joint Holdings, LLC.

Page Held: Co-Founder and Master Teach Educator

Ms. Held co-founded Yoga Joint in May 2010. She has been our Master Teacher Educator since our inception in October 2022, and has been the Master Teacher Educator of our parent, Yoga Joint Holdings, LLC, from January 2016 to the present.

Kelly Green: Master Teacher Educator

Ms. Green has been our Master Teacher Educator since our inception in October 2022, and has been the Master Teacher Educator of our parent, Yoga Joint Holdings, LLC, from August 2011 to the present.

Amber Weaver: Director of Teachers

Ms. Weaver completed teacher training with Yoga Joint in October 2016 and started as a Yoga Joint teacher in December 2016. From 2019 – 2021, Ms. Weaver was Lead Teacher for Yoga Joint Holdings, LLC. In 2021, Ms. Weaver became Director of Teachers for Yoga Joint Holdings, LLC and works on the training team.

Hayley Stricker: Lead Teacher

Ms. Sticker has been with Yoga Joint since 2016 and started at the front desk. She then became a teacher and worked as a Studio Manager. She became a Lead Teacher in 2021 and works on the training team.

Carisa Reyes: Lead Teacher

Ms. Reyes has been with Yoga Joint since 2013 and started at the front desk. She started teaching at Yoga Joint in 2016. She then worked as a Studio Manager until she became a Lead Teacher in 2022 and works on the training team.

Alexis G. Pappas: Director of Brand Experience and Operational Development

Ms. Pappas has been our Director of Brand Experience and Operational Development since January 2023. From 2012 to the present, she has been our and our corporate Yoga Joint studios' Lead Teacher. From 2017 to January 2023, Ms. Pappas was our Regional Studio, Retail and Marketing and Director of Client Engagement in Ft. Lauderdale, Florida.

Adrienne Tierney: Vice President of Sales and Operations

Ms. Tierney has been our Vice President of Sales and Operations since November 2022. From November 2021 to November 2022, Ms. Tierney was our Director of Sales and Operations. From January 2018 to October 2021, Ms. Tierney was International Enterprise Business Manager for Orangetheory Fitness Corporate, LLC in Boca Raton, Florida.

You must pay for the salaries and any travel costs for all persons associated with you who attend the training program. We do not charge a fee for our Initial Training Program. If we reasonably conclude that you and/or any of your employees failed to attend or successfully complete the Initial Training Program and must re-enroll, we will charge you a fee of \$500 per person.

On-Site Training and Assistance. In connection with the opening of your Yoga Joint Studio and as part of the Launch Training of the Initial Training Program, we will provide you with on-site opening assistance for approximately 5 to 7 weeks before and after the opening ("On-Site Launch Training"). The duration and timing of such On-Site Launch Training will be determined by us based on your operating experience and abilities, in our sole judgment. You must pay all expenses incurred by us in connection with the On-Site Launch Training, including, but not limited to, travel, transportation, meals and lodging expenses. Payment is due within 10 days of your receipt of an invoice from us. We have no obligation to provide you with any other on-site training or assistance, but if we do so at your request, or if you are operating below our standards and we require you to have additional training, we will impose a fee for each day of on-site training we agree to provide. This fee is subject to change by us at any time, but shall not exceed \$1,000 per

day. You must also pay for all expenses incurred by us in connection with any such on-site training or assistance. (Franchise Agreement, Section 5.4)

In addition, if you request us to send one of our operations team members or instructors to cover as a studio manager or instructor in your Yoga Joint studio on a temporary basis, and we in our sole discretion agree, we will charge our then-current fee for each day of on-site studio manager or instructor assistance we agree to provide. This fee is subject to change by us at any time, but shall not exceed \$1,000 per day. You shall also pay all expenses incurred by us in connection with the on-site studio manager or instructor assistance, including, but not limited to, employee salaries, transportation costs, meals, lodging and other living expenses. (Franchise Agreement, Section 5.4)

Ongoing Instructor Training. Prior to teaching at the Yoga Joint Studio, all of your instructors must be certified in our Yoga Joint training for the following modalities: Flow and Fiit. After we provide the initial Instructor Certification Training that is part of the Initial Training Program, we will charge you our then-current fee for new teacher certification training. All new teacher certification training will take place in person in at a Yoga Joint studio, currently in South Florida, determined by us. You will be responsible for all travel, transportation, meals, lodging and other living expenses of such trainees.

At your cost, all of your instructors must keep their Yoga Joint training certification with us up to date and attend all required ongoing certification training. We will charge our then-current annual Yoga Joint training certification fees for your instructors. If you elect to have a trainer certified by us to certify your instructors in the Yoga Joint training, we will charge our then-current fee, not to exceed \$3,000 per trainer. Trainer certification training will take place at a Yoga Joint studio determined by us and/or at our offices. Franchisee shall be responsible for all travel, transportation, meals, lodging and other living expenses of such trainees. If you do not have a trainer certified by us to train, we will charge you our then-current annual fee of no more than \$499 per year for up to 12 instructors for one year of ongoing training and Yoga Joint training certification. Such fee is due 12 months from the date you opened your Yoga Joint Studio and each year thereafter. We may change such fee to a monthly or quarterly charge and may charge up to \$100 for each instructor beyond the 12 included in the annual fee. (Franchise Agreement, Section 5.3)

Ongoing Other Training and Conferences. We may conduct conferences, webinars, refresher courses and other programs or other training sessions. We will determine the duration, curriculum and location of these. You and your managers and other staff must attend, at your sole cost and expense, all mandatory conferences, webinars, training sessions, refresher courses and other programs or meetings required by us that we may schedule from time to time, at a location and date chosen by us in advance. You must pay for the salaries, travel, accommodation and related costs for all persons associated with you who attend these programs. You may also be required to pay us a training fee for these mandatory training sessions, refresher courses, programs and/or other meetings, in an amount set forth in the Manual or otherwise, but not more than \$1,000 per person for each such session, course, program or meeting. (Franchise Agreement, Sections 5.5 and 6.18) You must, at your expense, comply with all of the training requirements we prescribe for the Yoga Joint Studio. You are responsible for training all replacement managers, the front desk employees and all other employees using all required training materials and/or online content provided by us. You must send replacement Operating Partners to the next scheduled Initial Franchisee Training for a fee of \$500 per person, plus you will be responsible for the trainees' travel, transportation, meals, lodging and other living expenses. (Franchise Agreement, Section 5.2)

Advertising and Promotion

You may only use advertising, marketing, identification and promotional materials and programs which we have either furnished to you or approved in writing in advance. In the event that we do not furnish you with advertising, identification and promotional materials and programs for the Yoga Joint Studio, you must obtain our prior written approval of all proposed advertising, marketing, identification and promotional materials or programs before any such materials are used or disseminated, following the required procedures set forth by us in the Manual or otherwise. Our approval of any materials may be withheld for any or no reason. If we do not respond within 15 days following our documented receipt of your proposed advertising material, this will constitute disapproval. If you do not obtain our prior written approval of any advertising, marketing, identification or promotional materials or programs before such materials are used or disseminated, or otherwise breach the provisions of Section 8.1 of the Franchise Agreement, we will notify you in writing of the facts which we believe have given rise to the breach. If you do not cure the breach within 3 calendar days after your receipt of such notice, then we may terminate or remove any unauthorized advertising at your expense, may direct third parties to cease displaying, publishing, disseminating and/or printing any such unauthorized advertisements or promotions, and we will also be entitled to terminate the Franchise Agreement unilaterally and immediately upon notice to you.

You must participate in all marketing, email, and other programs and promotions as may be developed by us, including the collection of Customer Data and participation in using and promoting any applications as we may develop and as directed in the Manual or otherwise.

You must conduct grand opening advertising and promotion of your Yoga Joint Studio approximately 3 months before the opening of your Yoga Joint Studio and for approximately 1 week after. You must spend a minimum of \$60,000 on such grand opening advertising and promotion.

During your first 24 months of operations, you must spend a minimum of \$2,500 per month on digital advertising, geo targeting, direct marketing, and any other marketing directed in your Territory that we may recommend or require or that we approve in writing in advance, using advertising and marketing materials prepared or pre-approved by us (the "Local Marketing Expenditure"). We recommend, however, that you spend at least \$5,000 per month on local marketing during your first 24 months of operations. Commencing the 25th month of operations and thereafter for the remaining term, there is no minimum Local Marketing Expenditure, but we recommend a Local Marketing Expenditure of at least \$2,500 per month. Such local marketing, advertising and promotion must follow our guidelines and be conducted through an agency approved by us and/or by us, if we offer such services.

You may not, without our prior written consent, (a) operate—or advertise, market, or otherwise promote—your Yoga Joint Studio or use or display the Proprietary Marks, on any electronic medium (including any Internet web-page, social network or social media site, review site, etc., e-mail address, website, domain name, bulletin board, newsgroup or other Internet-related medium or activity; or (b) register any domain name containing the word "Yoga Joint," or other Proprietary Marks, or any variation thereof, or establish, operate, or participate in a website on which such words appear. We have the sole right to advertise on the Internet, create or operate a Web site or sites, and use "Yoga Joint" or other Proprietary Marks as part of any domain name. If we consent to any Internet or other electronic medium advertising, then you may only advertise, market and promote the Yoga Joint Studio and use or display the Proprietary

Marks in the manner and under the standards and procedures set forth by us in the Manual or as stated elsewhere in writing. In addition, if we consent to your establishment of a social media account on any social media site (including, TikTok, YouTube, Twitter, Instagram, Facebook, Blogger, LinkedIn, Flickr, Wikipedia, Yelp or other communication or social media platforms) to advertise and promote the Yoga Joint Studio, then you must operate and maintain the account and site in accordance with our standards and procedures as set forth in the Manual or as stated elsewhere in writing. You must add us as an account administrator with full and unlimited access to control the content displayed, published or posted on such sites and, upon request, shall provide us with your current account IDs, user names and passwords. Upon the expiration or termination of the Franchise Agreement, we have the right to permanently close, delete, take exclusive control over, or transfer any social media accounts that you establish to market, advertise and promote your former Yoga Joint Studio.

You must install, display, maintain in good condition and repair, and keep on at all times in each studio room at the Yoga Joint Studio, the type and number of televisions that we require ("Advertising TVs"). We will exclusively control all content and media placement on these Advertising TVs. You cannot remove or add any content onto the Advertising TVs without our prior written consent. We have sole and absolute discretion as to the advertisements and any other content displayed on the Advertising TVs. We may earn revenue from the advertising displayed on the Advertising TVs. If we do, we will be entitled to such revenue. You will have no right to any such revenues.

If we establish a Marketing Fund, you must pay a monthly Marketing Fund Fee equal to 2% of your prior month's Gross Revenue. If established, we intend that all Yoga Joint franchisees will contribute to the Marketing Fund at this same rate. If established, the Company-Owned Yoga Joint studios may participate in and contribute to the Marketing Fund at different rates. The Company-Owned Yoga Joint studios are not required to contribute to the Marketing Fund on the same basis as our franchisees.

If established, we will administer the Marketing Fund (the "Fund") for the marketing (including advertising, promotion, public relations and other marketing tools) of the Yoga Joint name, brand and System, and we, or our designee, will administer the Marketing Fund as we deem appropriate, as follows:

- (i) We will at our sole discretion direct all advertising programs and control the creative concepts, materials and media used, media placement and allocation, which may be local, regional and/or national. We need not make expenditures for advertising or promotions for you which are equivalent or proportionate to your pro rata contributions. We need not attempt to or are required to ensure that you benefit directly or proportionately from the Fund. The Fund is not a trust and we are not a fiduciary in any capacity.
- (ii) The Fund may, but is not required to, be used to meet all costs of administering, directing, preparing, placing and paying for national, regional or local advertising. This may include, but is not limited to, the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns and other public relations activities; the cost of employing in-house advertising persons and/or national or regional advertising agencies; paying interest on monies borrowed by the Fund from third parties unaffiliated with us; providing customer service comment cards to you and other franchisees; and, sponsoring sporting, charitable or other special promotional events, if we choose to do so at our sole discretion.

We need not maintain the money paid by you to the Fund and income earned by the Fund in a separate account. But we may not use this money for any purposes other than those provided for in the Franchise Agreement.

- (iii) We will not use the Fund for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation or information in any advertisement regarding acquiring a franchise. We will have no obligation to prepare or distribute audited or unaudited statements detailing Fund income and expenses to you on an annual or other continuing basis. However, if you send us a written request, we will provide you with an accounting of how the Fund contributions were spent during our last fiscal year within a reasonable time after we receive your request, but never earlier than 45 days from when such information is made available.
- (iv) We will spend most contributions to the Fund for advertising purposes during the fiscal year in which the contributions are made. If we spend more than the amount the Fund collects in any fiscal year (not including any money we had to spend because we did not spend all the money in the Fund during the year before), then we can reimburse ourselves from the Fund during the next fiscal year for all excess expenditures during the preceding fiscal year. If we spend less than the total in the Fund during any fiscal year, we can either spend the unused money during the next fiscal year, or roll it over to be used at the appropriate time as determined by us.
- (v) We have no obligation in administering the Fund to make expenditures for you which are equivalent or proportionate to your contributions, or to ensure that you benefit directly or proportionately from the placement of advertising, or to ensure that such advertising impacts or penetrates your Yoga Joint Studio, your Territory or surrounding area at any level. We are not required to spend any amount from the Fund on advertising in your Territory. If we receive any promotional allowances with respect to your purchases of goods or services from vendors other than us, then we will be under no obligation to contribute the promotional allowances to the Fund.
- (vi) Although we intend the Fund to be perpetual, we have the right to terminate the Fund at any time upon 30 days' notice from us. We will not terminate the Fund until we have spent all money in the Fund for advertising and promotional purposes.

The Fund was not yet established in 2024.

You are not presently required to participate in any local or regional advertising cooperative, but we may require you to do so in the future at our sole discretion. If we do, Yoga Joint franchisees will be required to contribute an amount not more than 1.5% of their Gross Revenue, based on the decision of a majority vote among its members. Such amount will be in addition to the amount franchisees must contribute to the Marketing Fund, but shall be credited against your Local Marketing Expenditure. Membership in the cooperative will be defined as one group and one vote per franchisee. The cooperative will be administered pursuant to By-Laws and by us. We will have the power to form, change, dissolve or merge cooperatives, if established. If a local or regional advertising cooperative is established, the Company-Owned

Yoga Joint studios located in any such cooperative region will contribute at the same rate as the franchisees.

At this time, there is no advertising council composed of Yoga Joint Studio franchisees.

Computer Requirements

Before your Yoga Joint Studio opens, you must purchase and install our required point of sale system software and other required software and programs, required dedicated telephone and power lines, modem(s) for polling purposes, printers, credit card machine and other related accessories and peripherals. (Franchise Agreement, Section 6.13)

You shall be required to establish Internet access through a reputable Internet service provider, utilizing a fixed internet protocol, internet router and any other required specifications designated by us in the Manual or otherwise. The currently required computer hardware and software systems is the Mariana Tek point of sale and scheduling system, 4 computers, 1 printer/scanner, 2 credit card readers from Stripe, a gateway router for the Internet line, as well as Google Microsoft Office, Zoom, telephone service from Nextiva, Sling/When I Work, Spotify, ASCAP music licensing, NetGym, HubSpot, AskNicely and the technology included in our Technology Fee (described below). The monthly fees for our required software, subscriptions, programs and services are currently approximately \$2,000 per month, which are paid directly to the vendors. Currently, we will initially collect an estimated \$500 to \$1,000 per month, depending on the size of the database of customers and leads associated with your Yoga Joint Studio, for your pro rata use of HubSpot and pay your fee to the vendor. This fee will increase as your customer and lead database grows. This fee is subject to change by the vendor. These fees may change at any time and we may change our required software point of sale and scheduling system and our other required software, subscriptions, programs and services at any time. You must also pay our monthly technology fee, which is currently \$999 per month, for our Yoga Joint mobile app, including on-demand classes, for our production of content for such on-demand classes, data portal and administrative tool, Google email and for use of our required learning management system and retreat software. The products and services included in the Technology Fee are subject to change at any time. The amount of the Technology Fee is also subject to change, as set forth in our Manual or otherwise, but will not increase by more than 10% per annum. You are required to update, upgrade and maintain your computer hardware and software to remain in compliance with our standards and specifications. The estimated annual cost of any optional or required maintenance, upgrades or support is approximately \$100 to \$500, although this cost may increase at any time. We will have independent access to your Yoga Joint Studio's sales and data produced by your system, such as your Yoga Joint Studio customer information, scheduling information, sales information, teacher and class information. You are to assist us in accessing this information. There are no contractual limitations on our right to access this information and data.

We may require you to use our designated computer repair vendor, or such other vendors that we may pre-approve, to repair or service your computer systems.

We are not obligated to provide a website or other internet data relative to the franchise system and franchisees. In addition to the required point of sale and scheduling system software and other software, we may require that you install other or additional computer systems, software and/or programs meeting our standards and specifications. The computer systems, software and/or programs would be used to assist you in the operation of your Yoga Joint Studio. You would be responsible for all costs associated with any computer systems, software and/or

programs including accessing the Internet. We would have the right to access the information generated by the computer system, software and/or programs, without limitation.

The current cost of purchasing the computer hardware, the point of sale and scheduling system, and other software, programs and subscriptions required is approximately \$7,500 to \$12,500. However, this amount may increase in the future.

ITEM 12: TERRITORY.

Franchise Agreement

The Franchise Agreement permits you to establish and operate a Yoga Joint Studio at a location that you select and we consent to. If, at the time the Franchise Agreement is executed, a location for your Yoga Joint Studio is not identified or obtained by you and approved by us, you shall submit a proposed lease for an approved location within 90 days from the date of the Franchise Agreement and shall lease or acquire a location within 180 days of the date of the Franchise Agreement. If you do not submit a proposed lease for the location or lease or acquire a location within these time periods, we may terminate the Franchise Agreement without providing you any opportunity to cure.

The location of your Yoga Joint Studio shall be located within the Site Selection Area that we agree to, which we will identify, by map or written description, on Exhibit A to the Franchise Agreement.

You will receive an exclusive territory. The Territory will be an area determined by us after we consent to the location selected by you for your Yoga Joint Studio and will be identified on Exhibit A to the Franchise Agreement by a map or written description. After the location is identified by you and approved by us, so long as you are not in default under the Franchise Agreement and all other related agreements, and except as provided in the Franchise Agreement, we (nor our affiliates, subsidiaries and designees) will not operate, or license another party to operate, a Yoga Joint studio within the Territory. The Territory will be different, and in most cases, smaller than, the Site Selection Area.

The Franchise Agreement does not grant you any marketing exclusivity within your Territory. All Yoga Joint studios may solicit, advertise and offer authorized products and services to any individual or entity, regardless of his, her or its geographic location, including within your Territory.

You may not relocate your Yoga Joint Studio to another location without first obtaining our written approval, which may be withheld for any reason. Any relocation will be at your sole expense. All leases, subleases or other agreements you enter into to relocate the Yoga Joint Studio must conform to the provisions of the Franchise Agreement. At the time you request from us the right to relocate, you shall pay us the sum of \$5,000 for costs and other expenses we may incur in our consideration of the request. This payment is not refundable under any circumstances.

You do not have the right under the Franchise Agreement to open or operate more than one Yoga Joint Studio regardless of its location.

The continuation of your Territory rights is not dependent on achieving a certain sales volume, market penetration, or other contingency.

You will not have the right of first refusal or any similar rights in the contiguous territories or areas surrounding or near your Territory should we decide to sell a Yoga Joint studio adjacent to or near your Territory. You will not have the right to amend or modify your Territory. We may not modify your Territory without your written consent. However, if you are in breach of your Franchise Agreement, we may terminate the Franchise Agreement pursuant to its terms. The territorial exclusivity will terminate upon expiration or termination of the Franchise Agreement.

We (on behalf of ourselves and our Affiliates) retain all rights with respect to the Yoga Joint System, the Names, the Proprietary Marks, and any products and services, anywhere in the world, including, without limitation, the right to: (a) own, operate, situate and/or license others to operate Yoga Joint studios at any location outside your Territory, as we consider appropriate, including within close proximity to your Yoga Joint Studio Location or Territory boundaries; (b) offer and sell products and services that are not part of the Yoga Joint System within or outside your Territory under the Marks, or any other marks, through any distribution method; (c) offer and sell (either themselves or through franchisees) those products and services which the Franchise Agreement contemplates you will offer and sell, or that are similar to those products and services offered by your Yoga Joint Studio, under marks other than the Marks at any location within or outside the Territory; (d) offer, sell and/or otherwise distribute, at wholesale or retail, and under the Proprietary Marks and/or other names and marks, any products or services, which now or in the future are a part of the Yoga Joint System, through any alternative channel of distribution within or outside the Territory, including, but not limited to, the Internet or direct mail marketing; (e) merge with, acquire or otherwise affiliate with, and thereafter own and operate, and franchise or license others to own and operate, any business whatsoever, including businesses that offer products or services the same as or similar to those products and services, which now or in the future are a part of the System, within or outside the Territory; (f) offer and sell yoga retreats and workshops to customers anywhere, including in the Territory, and hold the retreats and workshops anywhere, including in the Territory; (g) license to and/or provide training using the Yoga Joint teacher training program anywhere, including in the Territory; and/or (h) sell retail products anywhere via on the Internet or on the Yoga Joint mobile app, including to customers within your Territory, without any compensation to you. You do not have any rights with respect to, and will not receive any compensation for, any sales conducted by us through alternative channels of distribution, whether conducted now or in the future, or from sales solicited or accepted in your Territory.

Area Development Agreement

If you sign an Area Development Agreement, you will receive a designated geographic area (the "Development Area") which you and we will agree upon. A description of your Development Area will be set forth in Exhibit A to the Area Development Agreement. You may not change the Development Area without obtaining our prior written approval, which we may withhold for any or no reason and in our sole discretion. If we approve of your request to change the Development Area, then, upon our written approval, you must complete a new Exhibit A to the Area Development Agreement and pay us a fee equal to \$5,000 multiplied by then remaining number of Yoga Joint Studios to be developed. This payment is not refundable under any circumstances.

Under the Area Development Agreement, we grant you the right, and you undertake the obligation, to develop a specific number of new Yoga Joint Studios within the Development Area over a certain period of time, which will be set forth in Exhibit B to the Area Development Agreement. The size of your Development Area will depend on a number of factors, including: (1) population (including density and characteristics); (2) potential trade area population growth; (3)

nature of the competition within the trade area; and (4) the number of Yoga Joint Studios you agree to open, as well as other demographic factors.

You must operate each Yoga Joint Studio established under your Area Development Agreement pursuant to a separate Franchise Agreement with us. You will not receive an exclusive Development Area. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, if you comply with your obligations under your Area Development Agreement, and any other agreements with us or our affiliates, and except as reserved in Section 1.5 of the Area Development Agreement and except if a Yoga Joint Studio is already operating in the Development Area or if we have already granted third parties the right to establish and operate Yoga Joint Studios in the Development Area as of the effective date of the Area Development Agreement, we will not, during the term of your Area Development Agreement, establish or license anyone other than you to establish a Yoga Joint Studio within your Development Area ("Limited Development Protection"). (See ADA, Section 1.6).

Continuation of your Limited Development Protection is not dependent upon achievement of a certain sales volume or market penetration. However, if you fail to fulfill your obligations to develop, open and continuously operate any Yoga Joint Studio when required by your development schedule or have otherwise materially breached the Area Development Agreement or any separate Franchise Agreement, we may, upon written notice, terminate the Area Development Agreement and the Limited Development Protection. Your Limited Development Protection will also terminate upon the expiration of the Area Development Agreement.

You may not establish a Yoga Joint Studio anywhere outside of your Development Area.

Other than your development rights granted under the Area Development Agreement, you are not granted any options, rights of first refusal or similar rights to acquire additional development rights or franchises within contiguous territories. There are no circumstances under which we can unilaterally modify the Development Area.

We (on behalf of ourselves and our affiliates) retain all rights with respect to the System and the Marks, and the sale of products and services, anywhere in the world, including, without limitation, the right to: (a) operate or license others to operate Yoga Joint Studios anywhere outside the Development Area, as we consider appropriate, including within close proximity to the Development Area or your Studios; (b) offer and sell products and services within the Development Area that are not part of the System through any distribution method; (c) develop, own and operate, and to grant franchises to third parties to develop, own and operate any other business, including fitness businesses under marks and systems different from the Marks and the System within and outside the Development Area; (d) offer and sell (either themselves or through franchisees) those products and services which the franchise agreement contemplates Developer will offer and sell, as a franchisee, or that are similar to those products and services offered by the Yoga Joint Studios, under marks other than the Proprietary Marks at any location within or outside the Territory; (e) to purchase, merge, acquire or affiliate with an existing fitness or gym chain or any other business regardless of the location of the chain's facilities (including those within or proximate to the Development Area), and to operate, franchise and/or license those facilities as Yoga Joint Studios operating under the Marks or any other marks or trade names following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which may within or proximate to the Development Area); (f) operate or license others to operate Yoga Joint Studios within the Development Area upon the termination or expiration of this Agreement, or upon your default of this Agreement; (g) offer, sell and/or otherwise distribute, at

wholesale or retail, under the Marks, names, and/or other names and marks, any products or services, which now or in the future are a part of the System, through any alternative channel of distribution within or outside the Development Area, including, but not limited to, the Internet, digital streaming, “on demand,” mobile applications, other electronic or virtual means, videos, or direct mail marketing; and/or (h) offer and sell yoga retreats and workshops to customers anywhere, including in the Development Area, and hold the retreats and workshops anywhere, including in the Development Area; (i) license to and/or provide training using the Yoga Joint teacher training program anywhere, including in the Development Area; and/or (j) sell retail products anywhere via on the Internet or on the Yoga Joint mobile app without any compensation to you. You do not have any rights with respect to such sales whether conducted now or in the future.

Neither we nor an affiliate have any plans currently to operate or franchise businesses under a different trademark that will sell goods or services that are the same as or similar to those the franchisee will sell.

ITEM 13: TRADEMARKS.

Under the Franchise Agreement, we grant you the right and license to use the Proprietary Marks solely in connection with the operation of your franchised Yoga Joint Studio. You may only use those Proprietary Marks as are designated by us in writing for your use and you may use them only in the manner permitted by us. You may not, directly or indirectly, contest our ownership of, or our rights in, the Proprietary Marks. Our primary Proprietary Marks are the “**Yoga Joint**” name and logo.

The following Proprietary Marks are owned by our affiliate, Yoga Joint IP, LLC, and are registered with the U.S. Patent and Trademark Office (the “USPTO”) on the Principal Register:

Mark	Registration Number	Registration Date
YOGA JOINT	6791455	July 12, 2022
YOGA JOINT	6133236	August 25, 2020
	5850789	September 3, 2019

	5344701	November 28, 2017
SHIFT BY YOGA JOINT	6708724	April 19, 2022
SHIFT	6791456	July 12, 2022
FOCUSED INTELLIGENT INTERVAL TRAINING	5925201	December 3, 2019
WHERE SHIFT HAPPENS	5552472	August 28, 2018

Yoga Joint IP, LLC has filed all required affidavits for the above listed trademarks registered with the USPTO.

As of the issuance date of this disclosure document, none of the above listed trademarks are due for renewal and, therefore, have not been renewed.

Yoga Joint IP, LLC has also filed an application with the United States Patent and Trademark Office to register the following trademark:

Mark	Serial Number	Filing Date
YOGA JOINT	98526770	April 30, 2024
	99021348	Jan. 28, 2025
FOLLOW60	99005571	Jan. 17, 2025

FLOW60	99005565	Jan. 17, 2025
FIIT45	99005556	Jan. 17, 2025

We do not have a federal registration for these trademarks. Therefore, these trademarks do not have many legal benefits and rights as a federally registered trademark. If your right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses

There are no presently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the trademark administrator of any state or any court involving our Proprietary Marks.

There are no pending interference, opposition or cancellation proceedings, or any material litigation involving our Proprietary Marks.

There are no agreements currently in effect that significantly limit our right to use or license the use of our Proprietary Marks in any manner material to the franchise. Under a license agreement dated January 3, 2022, Yoga Joint Holdings, LLC licenses us the right to use the Proprietary Marks and authorizes us to grant franchisees rights to use of the Proprietary Marks in accordance with the terms of the Franchise Agreement. The license agreement remains in full force and effect so long as Yoga Joint Holdings, LLC's management and control remains the same as that of Franchisor, and will terminate if we make any assignments of assets or business for the benefit of creditors, or a trustee or receiver is appointed to conduct its business or affairs, or it is adjudged that in any legal proceeding to be either a voluntary or involuntary bankruptcy.

There are no infringing uses actually known to us that would materially affect your use of the Proprietary Marks in the state in which your Yoga Joint Studio is to be located.

In the event you receive notice, or are informed of any claim, suit, or demand against your use of any Proprietary Mark, you are obligated to promptly notify us. We will take any action we may consider necessary to protect and defend you against the claim and indemnify you against any actual damages and reasonable costs or expenses incurred in connection with the claim, so long as the claim is based solely on any alleged infringement, unfair competition or similar matter relating to your proper use of the Proprietary Marks.

We alone have the right to control or settle any legal actions or proceedings. We may, in our sole discretion, prosecute or defend any other actions or proceeding, which we deem necessary or desirable for the protection of the Proprietary Marks. You agree not to contest our right, title, or interest in the Proprietary Marks.

You must promptly notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to the Proprietary Marks. We have the sole discretion to take any action, including taking no action, if we deem appropriate.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue the use of any names or Proprietary Marks, you must use one or more additional or substitute Proprietary

Marks as directed by us. You will be required to bear all costs and expenses associated with any such changes.

You cannot use our name, Proprietary Marks, or variants of either as part of a business organization name. You must obtain fictitious or assumed name registration as required by local law. You may not use the YOGA JOINT name for the sale of unauthorized products or services, or in a manner not specifically authorized in writing by us.

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION.

There are no patents that are material to the franchise. We claim copyright protection in the Manual and related materials, and advertisement and promotional materials, although these materials have not been registered with the United States Registrar of Copyrights. These materials are considered proprietary and confidential, are considered our property, and may be used by you only as provided in the Franchise Agreement.

There currently are no effective determinations of the Copyright Office (Library of Congress) 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. There are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights.

You must treat the Manual, any other manuals created for or accepted for use in the operation of the Yoga Joint Studio, and the information contained in them, as confidential, and you must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, or otherwise make them available to any unauthorized person. The Manual, which is loaned to you for use, will remain our sole property and must be kept in a secure place at the Yoga Joint Studio.

We may revise the contents of the Manual at any time and as often as we deem necessary or appropriate, and you must comply with each new or changed standard immediately upon notification. You must ensure that the Manual is kept current at all times. In the event of any disputes as to the contents of the Manual, the terms of the master copy maintained by us at our home office will be controlling.

We will disclose to you certain confidential or proprietary information and trade secrets throughout the relationship. Except as is necessary for the operation of the Yoga Joint Studio and as we approve, you may not, during the term, or at any time after the expiration or termination of the Franchise Agreement, regardless of the cause of termination, directly or indirectly, use for your own benefit or communicate or divulge to, or use for the benefit of any other person or entity, any trade secrets, confidential information, knowledge or know-how concerning the services, advertising, marketing, designs, plans, or methods of operation of the Yoga Joint Studio or the System. You may disclose to your employees only that confidential, proprietary or trade secret information as is necessary to operate the business, and then only while the Franchise Agreement is in effect. Any and all information, or knowledge, including, materials, equipment, marketing, and other data, which we designate as secret or confidential, will be deemed secret and confidential for purposes of the Franchise Agreement.

As set forth in the Franchise Agreement, you must require your manager and any personnel having access to any of our confidential information to execute the confidentiality and non-disclosure agreement attached to the Franchise Agreement as Exhibit C, which provides that

they will maintain the confidentiality of information they receive in connection with their employment or engagement by you at the Yoga Joint Studio and identifies us as a third-party beneficiary of the covenants, with the independent right to enforce them. You are obligated to take all necessary precautions to ensure that you and all of your employees retain our confidential and proprietary information in confidence.

We also consider our trade dress (i.e., elements of the Yoga Joint method, including the physical appearance of the location and the style of doing business) inherently and uniquely distinctive and protectable under applicable Federal and State law.

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

You (or your Operating Partner) are responsible for and must personally and directly supervise the operation of the Yoga Joint Studio, unless otherwise permitted in writing by us. You further agree to devote the amount of your time, attention and best efforts to the performance of your duties under the Franchise Agreement that is necessary for the proper and effective operation of the Yoga Joint Studio.

If you are licensed to operate more than one Yoga Joint studio, you agree to devote the amount of time and attention to the performance of your duties under the Franchise Agreement that is necessary for the proper and effective operation of the consolidated or cumulative Yoga Joint studios.

You shall serve as or designate a Manager. The Yoga Joint Studio shall at all times be under the direct, on-site supervision of the Manager who has successfully completed our Initial Training Program. Your Manager will have day-to-day management responsibility for the Yoga Joint Studio, exercise on-premises supervision, and personally participate in the direct operation of the Yoga Joint Studio. Your initial Manager must complete to our satisfaction the Initial Training Program.

If Franchisee is an entity, you shall designate an Operating Partner. The Operating Partner means the individual who has the authority to, and does, in fact, actively direct your business affairs in regard to the Yoga Joint Studio, if Franchisee is an entity. The Operating Partner is responsible for overseeing the general management of the day-to-day operations of the Yoga Joint Studio. The Operating Partner must be approved by us and complete to our satisfaction the Initial Training Program.

You shall inform us in writing as to the identity of your Manager, Operating Partner and any successor Managers and Operating Partners. Each Manager and Operating Partner must receive our prior written approval.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.

You must confine your business to the operation of a Yoga Joint studio. You may not conduct any other business or activity at or from the Yoga Joint Studio Location or under the Proprietary Marks. You may identify your Yoga Joint Studio only by the trade name and service mark "YOGA JOINT." You must offer all of the products and services that we prescribe, and we

may change the products and services from time to time at our discretion. You may not offer or sell any product or service from the Yoga Joint Studio s except those we authorize.

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

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement, Area Development Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Franchise Agreement:

Franchise Agreement		
Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 1.4	10 years
b. Renewal or extension of the term	Section 1.5	If you satisfy the renewal conditions and requirements, you may renew the Franchise Agreement for 2 additional consecutive terms of 5 years each, upon payment of the \$25,000 Renewal Fee.
c. Requirements for franchisee to renew or extend	Section 1.5	You must have substantially complied with all of the provisions of the Franchise Agreement during its initial or renewal term. You must maintain possession of the Location and before the expiration date, bring the Yoga Joint Studio into full compliance with the specifications and standards then applicable for new or renewing Yoga Joint studios. You must give notice of renewal to us at least 6 months, but no more than 12 months, prior to the expiration of the Initial Term. You must have satisfied all monetary obligations owed to us and our affiliates and have timely met these obligations throughout the term of the Franchise Agreement. You must execute our then-current form of the Franchise Agreement (with appropriate modifications to reflect the fact that the Franchise Agreement relates to the grant of a renewal franchise), which Franchise Agreement shall supersede in all respect the initial agreement and the terms of which may substantially differ from the terms of the initial Franchise Agreement including, without limitation, different royalty and marketing fee rates. You must comply with our

Franchise Agreement		
Provision	Section in Franchise Agreement	Summary
		then-current qualification and training requirements. You must execute a general release, in a form prescribed by us, of any and all claims against us, our subsidiaries, affiliates and our respective officers, directors, attorneys, agents, shareholders and employees.
d. Termination by franchisee	Not applicable	
e. Termination by franchisor without cause	Not applicable	
f. Termination by franchisor with cause	Sections 16.1 – 16.6	We can terminate you if you default, or for cause as defined in the Franchise Agreement.
g. “Cause” defined – curable defaults	Sections 8.1 and 16.3	All defaults, other than those to which there is no cure period, may be cured within either 15 or 3 days after notice of cure is received.
h. “Cause” defined – non-curable defaults	Section 16.1 – 16.2	Non-curable defaults: bankruptcy or insolvency; you do not commence operation of the Yoga Joint Studio within 365 days following execution of the Franchise Agreement by us; abandonment; omission or misrepresentation of a material fact in the information you furnish to us; we and you agree in writing to terminate the Franchise Agreement; you do not provide a copy of the proposed lease, or do not secure a Location within the time limits and following the procedures specified in the Franchise Agreement; loss of possession of the Location premises; you engage in an act that constitutes a crime or offense; you fail to correct any local, state or municipal regulation within 10 days after being cited for such noncompliance; you purport to transfer any rights or obligations under the Franchise Agreement, the franchisee (if a legal entity), or the Yoga Joint Studio to any third party in violation of the terms of the Franchise Agreement; you conceal revenues; knowingly maintain false books or records; falsify information or otherwise defrauds or makes false representation to us or, knowingly submit any substantially false report to us; you engage in any conduct or practice that is a

Franchise Agreement		
Provision	Section in Franchise Agreement	Summary
		fraud upon consumers, or is an unfair, unethical, or deceptive trade, act or practice; you are found to have understated by 5% or more for any calendar year, your Gross Revenue; you interfere or attempt to interfere with our contractual relations with other franchisees, customers, employees, advertising agencies or any third parties; or you interfere or attempt to interfere with our ability or right to franchise or license others to use and employ our Proprietary Marks and System or you make any use of the Proprietary Marks not authorized under the Franchise Agreement; you receive 3 notices of default within any 12-month period; you offer or sell any unapproved products and/or conduct (or permit the conducting of) any business other than the business contemplated by the Franchise Agreement at or from the Yoga Joint Studio without our prior written consent; you lose any license required with respect to the operation of the Yoga Joint Studio; you fail to operate in compliance with all applicable laws; you, your instructors or staff make unauthorized use of the Proprietary Marks and do not cease such use within 72 hours after notice; or you allow any unauthorized persons to view any part of the Initial Training Program or other training programs, classes or courses offered by us online or remotely.
i. Franchisee's obligations on termination/non-renewal	Section 17.1	Obligations include immediately paying all sums due and owing to us; discontinuing the use of the Proprietary Marks, Manual, and System; cancel any assumed name or equivalent registration which contains the Proprietary Mark "YOGA JOINT," or any other of our Proprietary Marks; allow us to enter and take possession of your Yoga Joint Studio to maintain continuous operation of the previously-franchised Yoga Joint Studio; pay all of our expenses incurred as a result of the default or termination, including all damages, costs, and expenses, and reasonable attorneys' and experts' fees; at our option, which is exercisable in writing within 30 days from the date of expiration or termination of

Franchise Agreement		
Provision	Section in Franchise Agreement	Summary
		the Agreement, or if termination is contested by you, within 30 days after a court decides the propriety of the termination, assign to us any interest which you have in any Lease, right or entry or easement for the Location, and vacate the premises of the Yoga Joint Studio promptly and completely, rendering all necessary assistance to us to enable us to take prompt possession; during the 30 day period following expiration or termination, and except as provided for in Section 17.B.4 or as otherwise instructed by us, you shall immediately close the franchised Yoga Joint Studio for business, and shall not take any action to remove, conceal, assign, transfer or sell, any Proprietary Marks, signs, equipment, furniture, fixtures, or other tangible assets used in, or necessary for, the effective operation of the Yoga Joint Studio; if you own the Yoga Joint Studio, to execute and deliver to us a lease for the Yoga Joint Studio Location on commercially reasonable terms; return all training or other manuals furnished to you, including the Manual and supplements to the Manual; grant us the option to purchase the assets of the Yoga Joint Studio for fair market value; immediately execute all agreements necessary to effectuate the termination in a prompt and timely manner; arrange with Franchisor for an inventory to be made by Franchisor, at Franchisor's cost, of all the personal property, fixtures, equipment, signs, inventory, supplies and any other tangible assets of Franchisee and the franchised Yoga Joint Studio, including, without limitation, all items bearing the Proprietary Marks. Franchisor will have the option, to be exercised within 30 days after termination or expiration of this Agreement, or if termination is contested by Franchisee, within 30 days after a court decides the propriety of the termination, to purchase from Franchisee any or all of these items at fair market value. If Franchisor elects to exercise this option to purchase, Franchisor may set off all amounts due from Franchisee under this Agreement against this purchase price.

Franchise Agreement		
Provision	Section in Franchise Agreement	Summary
		Franchisee shall not, for a period of thirty days after termination or expiration of this Agreement, transfer, convey, assign or sell to any person or entity other than Franchisor, any of the fixtures, equipment, inventory, supplies and other tangible assets of Franchisee and the franchised Yoga Joint Studio; cease using the telephone numbers listed in the Yellow Pages and White Pages of any telephone or online directories under the name "YOGA JOINT" or any other confusingly similar name or, upon our written demand, direct the telephone company or listing agency to transfer the telephone numbers listed for the franchised Yoga Joint Studio in the Yellow Pages and White Pages or other directory to us or to any other person and location that we direct; comply with the post-termination/post-expiration covenants not to compete set forth in the Franchise Agreement; continue to abide by those restrictions pertaining to the use of our Confidential Information, trade secrets and know-how set forth in the Franchise Agreement; immediately refrain from engaging in any contacts with customers; immediately surrender to us all computer software, data storage drives used in the operation of the franchised Yoga Joint Studio, printouts, and other information pertaining to computer operations, codes, procedures and programming; if we elect not to assume possession of the Yoga Joint Studio premises, then promptly upon termination or expiration, perform all reasonable redecoration and remodeling of the premises as we consider necessary in our reasonable judgment to distinguish the premises from a Yoga Joint studio business.
j. Assignment of contract by franchisor	Section 13.1	We have an unlimited right to assign the Franchise Agreement.
k. "Transfer" by franchisee – defined	Sections 13.2 – 13.4 and 13.7	Includes any transfer of your interest in the Franchise Agreement, the Franchisee entity, or the Yoga Joint Studio. We may offer you the opportunity to participate, at your election, in the sale of your Yoga Joint Studio as part of the sale of a

Franchise Agreement		
Provision	Section in Franchise Agreement	Summary
		package of Yoga Joint franchise businesses that we have put together. You must pay us a commission of 10% if you elect to sell your Yoga Joint Studio in such event.
l. Franchisor approval of transfer by franchisee	Sections 13.2 – 13.4	We have the right to approve all transfers and assignments but will not unreasonably withhold our consent.
m. Conditions for franchisor approval or transfer	Sections 13.2 – 13.4	New franchisee or principal owner qualifies under our then current criteria; you are not in default under the Franchise Agreement; transfer fee paid; all amounts owed by you are paid; training completed; general release signed; new franchise agreement signed; right of first refusal to us provided.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 13.6	We can match the offer you receive for the sale of your Yoga Joint Studio.
o. Franchisor's option to purchase franchisee's business	Section 17.1.B	We have the right to purchase the assets of your Yoga Joint Studio upon the expiration or termination of the Franchise Agreement.
p. Death or disability of franchisee	Section 13.5	The franchise can be transferred to a third party approved by us upon your death, disability or incapacity. Transfer conditions apply (see M above). We may temporarily operate the Yoga Joint Studio until a third party qualifies.
q. Non-competition covenants during the term of the franchise	Section 12.1	No direct or indirect involvement in the operation of any business selling products or services similar to those sold by your Yoga Joint Studio.
r. Non-competition covenants after the franchise is terminated or expires	Section 12.2	No competing business for 3 years from your Location or within 25 miles of the Location or any other Yoga Joint Studio location.
s. Modification of the agreement	Section 20	No modification unless in writing, although we can change Operations Manual and list of Marks.
t. Integration/merger clause	Section 20	No statements or promises binding unless contained in the Franchise Agreement. Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise

Franchise Agreement		
Provision	Section in Franchise Agreement	Summary
		Agreement may not be enforceable. However, nothing in the Franchise Agreement or in any related agreement is intended to waive Franchisee's reliance on any representation made by Franchisor in this disclosure document or in its exhibits or amendments, or to disclaim liability for statements authorized by Franchisor in this disclosure document.
u. Dispute resolution by arbitration or mediation	Section 23.4 – 23.5	Subject to applicable state law, and except as qualified in Section 23.5 of the Franchise Agreement regarding our right to seek injunctive relief, any dispute between you and us or any of our or your affiliates arising under, out of, in connection with or in relation to the Franchise Agreement, the parties' relationship, or your Yoga Joint Studio must be submitted to binding arbitration by JAMS, Inc. under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current the Federal Rules of Civil Procedure and the Federal Rules of Evidence. The arbitration must take place in Miami, Florida. Any arbitration must be resolved on an individual basis and not joined as part of a class action of the claims of other parties.
v. Choice of Forum	Section 23.6	All disputes not subject to arbitration shall be litigated solely in Miami-Dade County, Florida, subject to applicable state law.
w. Choice of Law	Section 23.3	Florida law governs, subject to applicable state law.

Area Development Agreement:

Provision	Section in area development agreement	Summary
a. Length of the franchise term	Section 4.1	The term is from the Effective Date of the Area Development Agreement to the first to occur of: (i) the date the last Yoga Joint Studio required to be opened by the development schedule actually opens for business; or (ii) the date the last Yoga Joint Studio was required to be opened as set forth in the development schedule.

Provision	Section in development agreement area	Summary
b. Renewal or extension of the term	Section 4.2	You have no right to renew the Area Development Agreement.
c. Requirements for franchisee to renew or extend	Not applicable	
d. Termination by franchisee	Not applicable	
e. Termination by Franchisor without cause	Not applicable	
f. Termination by Franchisor with cause	Sections 10.1 – 10.3	We can terminate you only if you default.
g. "Cause" defined – curable defaults	Section 10.2	All defaults, other than those to which there is no cure period or financial defaults, for which there is a 10 day cure period, may be cured within 30 calendar days after notice of cure is received.
h. "Cause" defined – non-curable defaults	Sections 10.1	Non-curable defaults: omission or misrepresentation of a material fact in the information you furnish to us; you purport to transfer any rights or obligations under the Area Development Agreement to any third party in violation of the terms of the Area Development Agreement; bankruptcy or insolvency; we and you agree in writing to terminate the Area Development Agreement; you fail to meet the Minimum Development Obligations within the time specified in the Development Schedule; you fail to have open and continuously operate the number of Yoga Joint Studios required by the Development Schedule; you fail to open any of the Yoga Joint Studios by the date required by the Development Schedule; you begin construction of a Yoga Joint Studio without obtaining our prior written consent to the Location; execution is levied against your business or properties or a suit to foreclose any lien or mortgage against the premises or equipment of your Yoga Joint Studio(s) is not dismissed within 60 calendar days; you are convicted or plead no contest to a felony or offense that adversely affects us, our franchisees and the System; you engage in

Provision	Section in area development agreement	Summary
		conduct that we believe has a negative impact on the Marks or the System; you interfere or attempt to interfere with our contractual relations with other franchisees, customers, employees, advertising agencies or any third parties; you interfere or attempt to interfere with our ability or right to franchise or license others to use and employ our Marks and System or you make any use of the Marks not authorized under the Area Development Agreement or the Franchise Agreement; you remain in default beyond the applicable cure period under any other agreement with us or our affiliates, under any lease relating to one of your Yoga Joint Studio(s) or with any vendor or supplier to one of your Yoga Joint Studio(s); any of your separate franchise agreements or any other agreements with us is terminated; or if you breach your confidentiality and/or non-competition obligations.
i. Franchisee's obligations on termination/non-renewal	Sections 9.3 and 10.5	Upon termination or expiration of the Area Development Agreement, you will have no right to construct, equip, own or operate additional Yoga Joint Studios and must comply with the post-termination/post-expiration covenants not to compete set forth in the Area Development Agreement.
j. Assignment of contract by Franchisor	Sections 8.1	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	Section 8.2	Includes any transfer of your interest in the Area Development Agreement or any transfer of interest in any entity that owns an interest in the Area Development Agreement.
l. Franchisor approval of transfer by franchisee	Sections 8.2	We must consent and you must meet certain conditions before transferring.
m. Conditions for Franchisor approval of transfer	Sections 8.2	The assignment must be in conjunction with a concurrent assignment to the same approved assignee of all Yoga Joint Studios then owned and operated by Developer in the Development Area; New developer or principal owner qualifies; you must have opened at least 3 Yoga Joint Studios; assignee assumes

Provision	Section in development agreement	Summary
		all of your rights and obligations under the Area Development Agreement and signs a new Area Development Agreement; assignee completes our training; you are not in default under the Area Development Agreement or any other agreement with us; the assignee, if an existing franchisee, is not in default of any of its obligations to us; the price and other terms of the transfer are reasonable; you provide us with an executed contract of assignment; you pay us a transfer fee; you and the assignee execute a general release; right of first refusal to us provided.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 16.5	We can match the offer you receive for the sale of your development rights.
o. Franchisor's option to purchase franchisee's business	Not applicable	
p. Death or disability of franchisee	Section 8.2	Upon your death or permanent disability, we must consent to any transfer of your rights under the Area Developer Agreement. Your surviving shareholders or partners or legal representative will have three months to apply for such right to transfer, which will be subject to the transfer conditions. See m. above. If this is not complied with or no assignee is proposed, all rights granted to you under the Area Development Agreement will terminate and automatically revert to us.
q. Non-competition and non-solicitation covenants during the term of the franchise	Section 9.2	No direct or indirect involvement in the operation of any business selling products or services similar to those that are now or in the future part of the System; no interference with our relationships with our franchisees; and no interference with our, our affiliates' or franchisees' businesses or jeopardizes the System.
r. Non-competition covenants after the franchise is terminated or expires	Section 9.3	No competing business for 3 years within the Development Area, within 25 miles of your Yoga Joint Studios, or within 25 miles of any other Yoga Joint Studio. No solicitation of our employees or our franchisees for 3 years.

Provision	Section in area development agreement	Summary
s. Modification of the agreement	Section 12.7	No modification unless in writing, although we can change Operations Manual and list of Marks.
t. Integration/merger clause	Section 12.7	Only the terms of the Area Development Agreement are binding (subject to state law). <i>Any representations or promises outside this disclosure document and area development agreement may not be enforceable.</i>
u. Dispute resolution by arbitration or mediation	Section 11.4	Except as qualified in Section 11.5 the Area Development Agreement regarding the right to seek injunctive relief, any dispute between you and us or any of our or your affiliates, shareholders, members, officers, directors, employees, agents, or guarantors, arising under, out of, in connection with or in relation to the Area Development Agreement, the parties' relationship, or the arbitrability of such dispute or claim the Area Development Agreement is illegal or void, must be submitted to binding arbitration to JAMS under the authority of the Federal Arbitration Act and must be heard by a single arbitrator and administered by JAMS pursuant to its then-current Comprehensive Arbitration Rules and Procedures. The arbitration must take place in Miami, Florida. Any arbitration must be resolved on an individual basis and not joined as part of a class or group action with claims of other parties.
v. Choice of Forum	Section 11.5 and 11.6	All disputes not subject to arbitration shall be litigated solely in Miami-Dade County, Florida (subject to applicable state law).
w. Choice of Law	Section 11.3	Florida law governs (subject to applicable state law).

ITEM 18: PUBLIC FIGURES.

At this time, we do not use any public figure to promote our franchise.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS.

The FTC's Franchise Rule permits a Franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information and the information is included in the disclosure document.

Financial performance information that differs from the information 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 Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Time Period Measured:

These figures are derived from our 9 Company-Owned Yoga Joint studios' unaudited end of year profit and loss statements for the 12-month period of January 1, 2023 through December 31, 2023, and the 12-month period of January 1, 2024 through December 31, 2024, except that the Coral Springs, Florida location is only for the 6-month period of July 2024 through December 2024, as it opened in July 2024. These figures are also derived from our 9 Company-Owned Yoga Joint studios' point of sale reports (for Membership Counts and Sales Mix information) for the 12-month period of January 1, 2023 through December 31, 2023, and the 12-month period of January 1, 2024 through December 31, 2024, except that the Coral Springs, Florida location is only for the 6-month period of July 2024 through December 2024, as it opened in July 2024. The Company-Owned studios prepared such statements using the cash basis accounting method.

Company-Owned Businesses Monthly Membership Counts ⁽¹⁾:

	2023 January	2023 February	2023 March	2023 April	2023 May	2023 June	2023 July	2023 August	2023 September	2023 October	2023 November	2023 December
Boca	625	646	682	703	705	690	716	741	739	675	698	689
% MoM Growth	6%	3%	6%	3%	0%	-2%	4%	3%	0%	-9%	3%	-1%
Davie	709	729	783	803	865	862	897	924	901	877	856	822
% MoM Growth	6%	3%	7%	3%	8%	0%	4%	3%	-2%	-3%	-2%	-4%
Deerfield	532	545	560	594	611	612	636	657	652	619	598	631
% MoM Growth	5%	2%	3%	6%	3%	0%	4%	3%	-1%	-5%	-3%	6%
Downtown	706	734	755	789	817	828	862	909	922	911	885	842
% MoM Growth	13%	4%	3%	5%	4%	1%	4%	5%	1%	-1%	-3%	-5%
Hollywood	285	284	297	295	302	294	298	318	334	324	320	322
% MoM Growth	8%	0%	5%	-1%	2%	-3%	1%	7%	5%	-3%	-1%	1%
Midtown	310	319	328	333	334	326	321	323	331	335	346	337
% MoM Growth	10%	3%	3%	2%	0%	-2%	-2%	1%	2%	1%	3%	-3%
North	657	652	669	674	702	715	739	743	724	741	729	746
% MoM Growth	4%	-1%	3%	1%	4%	2%	3%	1%	-3%	2%	-2%	2%
Pines	416	434	470	484	511	534	560	606	562	550	544	550
% MoM Growth	8%	4%	8%	3%	6%	5%	5%	8%	-7%	-2%	-1%	1%
Total	4,240	4,343	4,544	4,675	4,847	4,861	5,029	5,221	5,165	5,032	4,976	4,939
% MoM Growth		2%	5%	3%	4%	0%	3%	4%	-1%	-3%	-1%	-1%

	2024 January	2024 February	2024 March	2024 April	2024 May	2024 June	2024 July	2024 August	2024 September	2024 October	2024 November	2024 December	Months Open
Boca	704	724	707	702	726	703	714	750	776	780	778	797	54
% MoM Growth	2%	3%	-2%	-1%	3%	-3%	2%	5%	3%	1%	0%	2%	
Davie	854	850	876	892	920	894	914	905	899	891	884	864	81
% MoM Growth	4%	0%	3%	2%	3%	-3%	2%	-1%	-1%	-1%	-1%	-2%	
Deerfield	607	629	603	616	637	608	603	606	630	652	627	656	77
% MoM Growth	-4%	4%	-4%	2%	3%	-5%	-1%	0%	4%	3%	-4%	5%	-
Downtown	895	885	913	893	909	883	846	885	913	924	912	882	70
% MoM Growth	6%	-1%	3%	-2%	2%	-3%	-4%	5%	3%	1%	-1%	-3%	-
Hollywood	371	348	388	389	411	395	391	407	420	434	440	444	31
% MoM Growth	15%	-6%	11%	0%	6%	-4%	-1%	4%	3%	3%	1%	1%	-
Midtown	361	376	352	351	334	307	289	294	276	294	292	276	28
% MoM Growth	7%	4%	-6%	0%	-5%	-8%	-6%	2%	-6%	7%	-1%	-5%	-
North	747	742	756	766	766	722	726	743	736	755	752	773	168
% MoM Growth	0%	-1%	2%	1%	0%	-6%	1%	2%	-1%	3%	0%	3%	-
Pines	551	562	568	611	643	635	649	630	632	626	651	644	45
% MoM Growth	0%	2%	1%	8%	5%	-1%	2%	-3%	0%	-1%	4%	-1%	-
Coral Springs							200	218	239	236	243	237	6
% MoM Growth													
Total	5,090	5,116	5,163	5,220	5,346	5,147	5,332	5,438	5,521	5,592	5,579	5,573	
% MoM Growth	3%	1%	1%	1%	2%	-4%	4%	2%	2%	1%	0%	0%	

Notes to Company-Owned Businesses Monthly Membership Counts table:

1. The above Membership Counts representation shows the number of members each Company-Owned studio had as of the last date of each month from January 2023 through December 2024.
2. The % monthly growth (% MoM Growth) shows, for each of the Company-Owned studio locations, the increase or decrease in the number of members from the prior month.

Company-Owned Businesses Average Monthly Sales Mix ⁽¹⁾:

Sales Mix (Jan 24 - Dec 24 Average)										
	Boca	Davie	Deerfield	Downtown	Hollywood	Miami	North	Pines	Coral Springs	Total YJ
Class Credits ⁽²⁾	18.32%	9.48%	11.61%	10.98%	10.25%	12.15%	11.30%	8.67%	11.41%	11.89%
Gift Cards ⁽³⁾	0.21%	0.66%	0.13%	0.39%	0.16%	0.21%	0.31%	0.35%	0.47%	0.33%
Memberships ⁽⁴⁾	63.04%	74.11%	65.49%	67.74%	68.61%	54.90%	71.30%	70.95%	69.21%	67.59%
Penalties ⁽⁵⁾	4.21%	3.52%	3.53%	4.50%	2.27%	2.00%	3.07%	3.34%	2.42%	3.50%
Rental ⁽⁶⁾	1.41%	0.91%	1.26%	1.42%	1.75%	2.79%	0.97%	1.84%	1.48%	1.44%
Retail ⁽⁷⁾	2.49%	2.74%	2.69%	2.95%	2.89%	3.80%	2.86%	2.27%	3.39%	2.79%
Class Pass ⁽⁸⁾	10.33%	8.57%	15.29%	12.01%	14.06%	24.15%	10.18%	12.59%	11.62%	12.46%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Notes to Company-Owned Businesses Average Monthly Sales Mix table:

1. The above Sales Mix representation shows the average monthly percentage of the following categories of studio revenue as a percentage of Gross Revenue for each Company-Owned studio for the period of January 1, 2023 through December 31, 2023, and for the period of January 1, 2024 through December 31, 2024, except that the Coral Springs, Florida location is only for the 6-month period of July 2024 through December 2024, as it opened in July 2024. Except for the last row, for each Corporate-Owned studio, these monthly average percentages were calculated by dividing, for each Company-Owned studio, the total revenue of each category by the total Gross Revenue of each such Company-Owned studio. "Gross Revenue" is the total revenue derived from the sale of goods or services less sales tax, discounts, allowances and returns.
2. The Class Credits category includes revenue from the sale of drop-in classes, class packages and workshops.
3. The Gift Cards category includes revenue from the sale of gift cards.
4. The Memberships category includes revenue from the sale of recurring memberships and yearly memberships.
5. The Penalties category includes revenue from no show fees and late cancellation fees.
6. The Renal category includes revenue from the rental of mats and towels.
7. The Retail category includes revenue from the sale of fitness apparel, food and beverages.
8. The Class Pass category includes revenue from the customer's redemption of their Class Pass points at a Corporate-Owned studio.
9. The last row Total is the total revenue from each of the categories of studio revenue for the 12 month period from January 1, 2023 through December 31, 2023, and the 12-month period of January 1, 2024 through December 31, 2024, except for the Coral Springs, Florida location for the 5-month period of July 2024 through December 2024 (as it opened in July 2024), as a percentage of Gross Revenue, divided by 9, the number of Company-Owned studios.

Company-Owned Businesses:

PEMBROKE PINES location

Date Opened	March-21												
# of Months Open:	22	23	24	25	26	27	28	29	30	31	32	33	
# Of Members	416	434	470	484	511	534	560	606	562	562	544	550	2023
Month	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	Total
Location Name	Pines	Pines	Pines	Pines	Pines	Pines	Pines	Pines	Pines	Pines	Pines	Pines	
Revenue	78,179	75,230	83,967	81,246	108,145	95,494	99,182	106,884	96,423	103,319	104,990	140,710	1,173,769
Gross Profit	77,585	71,197	81,967	79,266	105,094	92,677	97,138	105,976	105,976	96,163	102,490	138,760	1,154,292
% Margin	99.2%	94.6%	97.6%	97.6%	97.2%	97.0%	97.9%	99.2%	109.9%	93.1%	97.6%	98.6%	98.3%
Salaries & Labor	33,331	34,617	37,118	35,586	39,272	38,385	39,228	38,728	36,513	40,637	39,016	46,417	458,848
Manager	6,623	6,303	8,512	6,838	5,615	7,000	6,841	6,825	9,309	4,941	5,017	5,355	79,178
Other	26,708	28,314	28,606	28,748	33,657	31,385	32,387	31,903	27,204	35,697	33,999	41,063	379,670
% of Revenue	42.6%	46.0%	44.2%	43.8%	36.3%	40.2%	39.6%	36.2%	37.9%	39.3%	37.2%	33.0%	39.1%
Facility	16,920	17,659	17,085	17,020	20,448	16,877	22,546	20,149	23,471	19,645	19,365	16,510	227,695
% of Revenue	21.6%	23.5%	20.3%	20.9%	18.9%	17.7%	22.7%	18.9%	24.3%	19.0%	18.4%	11.7%	19.4%
G & A	6,641	7,650	6,684	5,883	8,813	9,008	8,613	8,663	6,467	8,500	9,521	8,410	94,855
% of Revenue	8.5%	10.2%	8.0%	7.2%	8.1%	9.4%	8.7%	8.1%	6.7%	8.2%	9.1%	6.0%	8.1%
Royalty Fee	6,254	6,018	6,717	6,500	8,652	7,640	7,935	8,551	7,714	8,266	8,399	11,257	93,902
Tech Fee	999	999	999	999	999	999	999	999	999	999	999	999	11,988
Marketing Fee	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Local Marketing Spend	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Franchisee Expense	10,753	10,517	11,216	10,999	13,151	12,139	12,434	13,050	12,213	12,765	12,898	15,756	147,890
% of Revenue	13.8%	14.0%	13.4%	13.5%	12.2%	12.7%	12.5%	12.2%	12.7%	12.4%	12.3%	11.2%	12.6%
Total Expense	67,647	70,443	72,104	69,488	81,684	76,409	82,820	80,590	78,664	81,547	80,800	87,093	929,287
% of Revenue	86.5%	93.6%	85.9%	85.5%	75.5%	80.0%	83.5%	75.4%	81.6%	78.9%	77.0%	61.9%	79.2%
EBITDA, Studio-Level	9,938	754	9,863	9,779	23,410	16,268	14,318	25,387	27,312	14,617	21,690	51,668	225,004
% Margin	12.7%	1.0%	11.7%	12.0%	21.6%	17.0%	14.4%	23.8%	28.3%	14.1%	20.7%	36.7%	19.2%

Date Opened	March-21												
# of Months Open:	34	35	36	37	38	39	40	41	42	43	44	45	
# Of Members	551	562	568	611	643	635	649	630	632	626	651	644	2024
Month	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024	Total
Location Name	Pines	Pines	Pines	Pines	Pines	Pines	Pines	Pines	Pines	Pines	Pines	Pines	
Revenue	126,173	108,966	111,729	123,589	165,704	133,096	132,847	132,105	127,604	129,600	131,996	181,797	1,605,206
Gross Profit	102,490	107,090	110,576	122,226	162,849	130,929	130,856	130,229	125,675	128,241	130,351	179,177	1,560,689
% Margin	81.2%	98.3%	99.0%	98.9%	98.3%	98.4%	98.5%	98.6%	98.5%	99.0%	98.8%	98.6%	97.2%
Salaries & Labor	42,888	38,522	47,059	45,724	50,925	49,180	51,529	47,004	42,751	47,627	47,646	55,250	566,105
Manager	6,815	2,631	9,295	7,125	7,886	7,886	7,886	10,785	5,733	5,814	5,733	7,348	84,937
Other	36,073	35,891	37,764	38,599	43,039	41,294	43,643	36,219	37,018	41,813	41,913	47,902	481,168
% of Revenue	34.0%	35.4%	42.1%	37.0%	30.7%	37.0%	38.8%	35.6%	33.5%	36.7%	36.1%	30.4%	35.3%
Facility	20,072	17,948	15,830	16,967	16,066	15,590	16,155	16,675	18,147	15,786	16,045	15,914	201,194
% of Revenue	15.9%	16.5%	14.2%	13.7%	9.7%	11.7%	12.2%	12.6%	14.2%	12.2%	12.2%	8.8%	12.5%
G & A	24,444	10,330	9,918	15,780	13,530	12,375	13,452	9,412	12,668	10,756	12,074	13,200	157,939
% of Revenue	19.4%	9.5%	8.9%	12.8%	8.2%	9.3%	10.1%	7.1%	9.9%	8.3%	9.1%	7.3%	9.8%
Royalty Fee	8,399	8,717	8,938	9,887	13,256	10,648	10,628	10,568	10,208	10,368	10,560	14,544	126,722
Tech Fee	999	999	999	999	999	999	999	999	999	999	999	999	11,988
Marketing Fee	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Local Marketing Spend	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Franchisee Expense	12,898	13,216	13,437	14,386	17,755	15,147	15,127	15,067	14,707	14,867	15,059	19,043	146,608
% of Revenue	10.2%	12.1%	12.0%	11.6%	10.7%	11.4%	11.4%	11.4%	11.5%	11.5%	11.4%	10.5%	9.1%
Total Expense	100,302	80,017	86,244	92,857	98,276	92,291	96,263	88,159	88,273	89,036	90,824	103,406	1,105,948
% of Revenue	79.5%	73.4%	77.2%	75.1%	59.3%	69.3%	72.5%	66.7%	69.2%	68.7%	68.8%	56.9%	68.9%
EBITDA, Studio-Level	2,188	27,073	24,332	29,369	64,573	38,638	34,593	42,071	37,402	39,205	39,527	75,771	454,741
% Margin	1.7%	24.8%	21.8%	23.8%	39.0%	29.0%	26.0%	31.8%	29.3%	30.3%	29.9%	41.7%	28.3%

DEERFIELD location

Date Opened	July-18												
# of Months Open:	54	55	56	57	58	59	60	61	62	63	64	65	
# Of Members	532	545	560	594	611	612	636	657	652	619	598	631	2023
Month	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	Total
Location Name	Deerfield	Deerfield	Deerfield	Deerfield	Deerfield	Deerfield	Deerfield	Deerfield	Deerfield	Deerfield	Deerfield	Deerfield	
Revenue	124,059	114,506	124,704	126,434	158,798	139,732	133,776	138,135	130,374	135,120	137,684	231,738	1,695,060
Gross Profit	121,551	109,088	120,276	123,081	154,544	136,313	129,670	136,635	130,472	132,934	132,934	229,925	1,657,423
% Margin	98.0%	95.3%	96.4%	97.3%	97.3%	97.6%	96.9%	98.9%	100.1%	98.4%	96.6%	99.2%	97.8%
Salaries & Labor	41,312	44,885	46,195	43,903	45,640	46,863	48,380	46,637	42,201	40,680	32,939	40,361	519,996
Manager	8,710	7,647	10,075	7,647	7,642	9,649	11,295	11,471	15,651	8,395	-	-	98,181
Other	32,602	37,238	36,121	36,256	37,998	37,214	37,085	35,166	26,550	32,286	32,939	40,361	421,815
% of Revenue	33.3%	39.2%	37.0%	34.7%	28.7%	33.5%	36.2%	33.8%	32.4%	30.1%	23.9%	17.4%	30.7%
Facility	18,225	17,439	16,068	14,585	17,210	17,450	14,631	15,831	18,025	18,640	17,120	15,986	201,211
% of Revenue	14.7%	15.2%	12.9%	11.5%	10.8%	12.5%	10.9%	11.5%	13.8%	13.8%	12.4%	6.9%	11.9%
G & A	14,644	7,988	11,819	10,757	11,051	11,930	8,842	13,638	10,170	8,621	9,534	15,224	134,217
% of Revenue	11.8%	7.0%	9.5%	8.5%	7.0%	8.5%	6.6%	9.9%	7.8%	6.4%	6.9%	6.6%	7.9%
Royalty Fee	9,925	9,160	9,976	10,115	12,704	11,179	10,702	11,051	10,430	10,810	11,015	18,539	135,605
Tech Fee	999	999	999	999	999	999	999	999	999	999	999	999	11,988
Marketing Fee	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Local Marketing Spend	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Franchisee Expense	14,424	13,659	14,475	14,614	17,203	15,678	15,201	15,550	14,929	15,309	15,514	23,038	189,593
% of Revenue	11.6%	11.9%	11.6%	11.6%	10.8%	11.2%	11.4%	11.3%	11.5%	11.3%	11.3%	9.9%	11.2%
Total Expense	88,605	83,972	88,558	83,858	91,104	91,920	87,054	91,655	85,324	83,250	75,106	94,609	1,045,016
% of Revenue	71.4%	73.3%	71.0%	66.3%	57.4%	65.8%	65.1%	66.4%	65.4%	61.6%	54.6%	40.8%	61.7%
EBITDA, Studio-Level	32,946	25,116	31,719	39,223	63,440	44,393	42,616	44,980	45,148	49,683	57,827	135,316	612,408
% Margin	26.6%	21.9%	25.4%	31.0%	40.0%	31.8%	31.9%	32.6%	34.6%	36.8%	42.0%	58.4%	36.1%

Date Opened	July-18												
# of Months Open:	66	67	68	69	70	71	72	73	74	75	76	77	
# Of Members	607	629	603	616	637	608	603	606	630	652	627	656	2024
Month	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024	Total
Location Name	Deerfield	Deerfield	Deerfield	Deerfield	Deerfield	Deerfield	Deerfield	Deerfield	Deerfield	Deerfield	Deerfield	Deerfield	
Revenue	152,789	130,203	128,526	136,046	156,158	135,212	142,401	138,745	138,289	144,747	143,926	235,743	1,782,783
Gross Profit	149,118	128,356	127,264	134,303	153,471	134,034	141,037	136,378	136,182	142,826	140,554	229,000	1,752,523
% Margin	97.6%	98.6%	99.0%	98.7%	98.3%	99.1%	99.0%	98.3%	98.5%	98.7%	97.7%	97.1%	98.3%
Salaries & Labor	38,485	39,955	43,276	43,862	44,676	40,702	50,933	50,166	46,468	52,860	49,028	58,301	558,712
Manager	-	2,631	8,781	5,784	6,197	3,257	7,060	10,923	6,196	6,734	7,542	7,004	72,109
Other	38,485	37,324	34,495	38,078	38,479	37,445	43,873	39,243	40,272	46,126	41,486	51,297	486,603
% of Revenue	25.2%	30.7%	33.7%	32.2%	28.6%	30.1%	35.8%	36.2%	33.6%	36.5%	34.1%	24.7%	31.3%
Facility	16,530	17,251	27,999	17,434	17,437	16,262	16,167	15,457	17,172	15,958	17,221	16,206	211,093
% of Revenue	10.8%	13.2%	21.8%	12.8%	11.2%	12.0%	11.4%	11.1%	12.4%	11.0%	12.0%	6.9%	11.8%
G & A	12,872	21,231	12,736	10,675	11,594	10,659	15,754	12,739	11,579	12,843	16,677	17,922	167,281
% of Revenue	8.4%	16.3%	9.9%	7.8%	7.4%	7.9%	11.1%	9.2%	8.4%	8.9%	11.6%	7.6%	9.4%
Royalty Fee	12,223	10,416	10,282	10,884	12,493	10,817	11,392	11,100	11,063	11,580	11,514	18,859	142,623
Tech Fee	999	999	999	999	999	999	999	999	999	999	999	999	11,988
Marketing Fee	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Local Marketing Spend	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Franchisee Expense	16,722	14,915	14,781	15,383	16,992	15,316	15,891	15,599	15,562	16,079	16,013	23,358	157,239
% of Revenue	10.9%	11.5%	11.5%	11.3%	10.9%	11.3%	11.2%	11.2%	11.3%	11.1%	11.1%	9.9%	8.8%
Total Expense	84,608	93,352	98,792	87,354	90,698	82,939	98,745	93,961	90,780	97,740	98,940	115,788	1,133,696
% of Revenue	55.4%	71.7%	76.9%	64.2%	58.1%	61.3%	69.3%	67.7%	65.6%	67.5%	68.7%	49.1%	63.6%
EBITDA, Studio-Level	64,509	35,004	28,472	46,949	62,773	51,095	42,292	42,418	45,402	45,086	41,614	113,212	618,827
% Margin	42.2%	26.9%	22.2%	34.5%	40.2%	37.8%	29.7%	30.6%	32.8%	31.1%	28.9%	48.0%	34.7%

DAVIE location

Date Opened	March-18												
# of Months Open:	58	59	60	61	62	63	64	65	66	67	68	69	
# Of Members	709	729	783	803	865	862	897	924	901	877	856	822	2023
Month	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	Total
Location Name	Davie	Davie	Davie	Davie	Davie	Davie	Davie	Davie	Davie	Davie	Davie	Davie	
Revenue	137,914	128,981	144,283	143,381	199,436	160,933	154,744	168,560	152,137	164,378	168,170	273,709	1,996,625
Gross Profit	135,801	124,253	140,358	139,123	190,304	157,463	150,683	166,053	152,651	160,004	162,423	269,115	1,948,232
% Margin	98.5%	96.3%	97.3%	97.0%	95.4%	97.8%	97.4%	98.5%	100.3%	97.3%	96.6%	98.3%	97.6%
Salaries & Labor	48,440	49,895	46,996	45,207	48,801	44,784	48,564	48,174	43,877	47,553	48,694	53,175	574,160
Manager	15,389	13,021	10,536	6,839	6,837	6,837	6,299	6,837	9,321	4,953	9,580	10,397	106,845
Other	33,051	36,874	36,460	38,367	41,965	37,947	42,265	41,337	34,556	42,600	39,115	42,778	467,316
% of Revenue	35.1%	38.7%	32.6%	31.5%	24.5%	27.8%	31.4%	28.6%	28.8%	28.9%	29.0%	19.4%	28.8%
Facility	23,608	27,145	33,197	26,201	24,533	24,651	27,315	30,504	26,074	25,708	29,801	22,755	321,492
% of Revenue	17.1%	21.0%	23.0%	18.3%	12.3%	15.3%	17.7%	18.1%	17.1%	15.6%	17.7%	8.3%	16.1%
G & A	15,544	10,124	6,976	13,425	9,280	8,988	25,085	13,556	13,542	11,440	10,307	17,208	155,476
% of Revenue	11.3%	7.8%	4.8%	9.4%	4.7%	5.6%	16.2%	8.0%	8.9%	7.0%	6.1%	6.3%	7.8%
Royalty Fee	11,033	10,319	11,543	11,470	15,955	12,875	12,380	13,485	12,171	13,150	13,454	21,897	159,730
Tech Fee	999	999	999	999	999	999	999	999	999	999	999	999	11,988
Marketing Fee	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Local Marketing Spend	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Franchisee Expense	15,532	14,818	16,042	15,969	20,454	17,374	16,879	17,984	16,670	17,649	17,953	26,396	213,718
% of Revenue	11.3%	11.5%	11.1%	11.1%	10.3%	10.8%	10.9%	10.7%	11.0%	10.7%	10.7%	9.6%	10.7%
Total Expense	103,125	101,982	103,210	100,802	103,068	95,797	117,843	110,218	100,163	102,350	106,755	119,534	1,264,846
% of Revenue	74.8%	79.1%	71.5%	70.3%	51.7%	59.5%	76.2%	65.4%	65.8%	62.3%	63.5%	43.7%	63.3%
EBITDA, Studio-Level	32,676	22,272	37,148	38,321	87,236	61,666	32,840	55,834	52,488	57,654	55,668	149,581	683,386
% Margin	23.7%	17.3%	25.7%	26.7%	43.7%	38.3%	21.2%	33.1%	34.5%	35.1%	33.1%	54.6%	34.2%

Date Opened	March-18												
# of Months Open:	70	71	72	73	74	75	76	77	78	79	80	81	
# Of Members	854	850	876	892	920	894	914	905	899	891	884	864	2024
Month	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024	Total
Location Name	Davie	Davie	Davie	Davie	Davie	Davie	Davie	Davie	Davie	Davie	Davie	Davie	
% Margin	98.0%	97.9%	98.7%	98.3%	98.2%	99.0%	98.8%	101.2%	99.0%	98.9%	96.9%	98.0%	98.5%
Salaries & Labor	42,743	46,253	53,126	55,425	60,484	56,244	53,676	55,437	52,076	54,676	57,197	61,303	648,639
Manager	6,587	5,755	5,745	9,711	13,896	14,234	11,542	16,319	12,895	11,943	13,164	12,051	133,842
Other	36,156	40,498	47,381	45,714	46,588	42,010	42,134	39,118	39,181	42,733	44,033	49,252	514,797
% of Revenue	24.0%	27.6%	32.2%	32.2%	23.9%	30.9%	33.9%	32.6%	31.3%	33.1%	35.3%	20.0%	28.9%
Facility	23,370	43,000	25,474	28,722	25,752	23,490	24,187	23,990	24,663	23,084	25,268	23,668	314,666
% of Revenue	13.1%	25.6%	15.4%	16.7%	10.2%	12.9%	15.3%	14.1%	14.8%	14.0%	15.6%	7.7%	14.0%
G & A	13,159	14,613	12,212	22,172	15,466	13,419	12,473	13,060	11,918	12,302	15,152	17,028	172,974
% of Revenue	7.4%	8.7%	7.4%	12.9%	6.1%	7.4%	7.9%	7.7%	7.2%	7.4%	9.4%	5.6%	7.7%
Royalty Fee	14,232	13,424	13,205	13,777	20,215	14,560	12,685	13,623	13,290	13,231	12,952	24,479	179,673
Tech Fee	999	999	999	999	999	999	999	999	999	999	999	999	11,988
Marketing Fee	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Local Marketing Spend	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Franchisee Expense	18,731	17,923	17,704	18,276	24,714	19,059	17,184	18,122	17,789	17,730	17,451	28,978	187,232
% of Revenue	10.5%	10.7%	10.7%	10.6%	9.8%	10.5%	10.8%	10.6%	10.7%	10.7%	10.8%	9.5%	8.3%
Total Expense	98,002	121,789	108,515	124,595	126,416	112,211	107,520	110,609	106,446	107,792	115,068	130,977	1,369,940
% of Revenue	55.1%	72.6%	65.7%	72.3%	50.0%	61.7%	67.8%	65.0%	64.1%	65.2%	71.1%	42.8%	61.0%
EBITDA, Studio-Level	76,253	42,440	54,450	44,708	121,678	67,924	49,130	61,756	57,942	55,729	41,876	169,035	842,919
% Margin	42.9%	25.3%	33.0%	26.0%	48.2%	37.3%	31.0%	36.3%	34.9%	33.7%	25.9%	55.2%	37.5%

NORTH location

Date Opened	January-10												
# of Months Open:	145	146	147	148	149	150	151	152	153	154	155	156	2023
# Of Members	657	652	669	674	702	715	739	743	724	741	729	746	Total
Month	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	
Location Name	North	North	North	North	North	North	North	North	North	North	North	North	
Revenue	123,762	125,076	125,395	130,693	166,976	138,696	126,077	139,627	132,639	142,224	146,402	261,392	1,758,960
Gross Profit	121,658	120,730	122,668	126,543	162,236	135,173	122,977	138,133	132,734	140,183	141,952	257,410	1,722,396
% Margin	98.3%	96.5%	97.8%	96.8%	97.2%	97.5%	97.5%	98.9%	100.1%	98.6%	97.0%	98.5%	97.9%
Salaries & Labor	45,449	49,291	49,738	48,038	46,404	39,572	44,057	45,146	45,533	44,640	46,329	51,489	555,685
Manager	8,848	8,886	10,726	7,819	5,572	-	1,357	5,427	8,617	5,319	6,396	6,334	75,300
Other	36,601	40,405	39,012	40,219	40,832	39,572	42,700	39,720	36,916	39,320	39,933	45,155	480,385
% of Revenue	36.7%	39.4%	39.7%	36.8%	27.8%	28.5%	34.9%	32.3%	34.3%	31.4%	31.6%	19.7%	31.6%
Facility	18,625	17,961	17,111	17,305	17,616	18,837	17,822	20,838	19,852	18,668	21,587	15,575	221,798
% of Revenue	15.0%	14.4%	13.6%	13.2%	10.5%	13.6%	14.1%	14.9%	15.0%	13.1%	14.7%	6.0%	12.6%
G & A	10,072	13,209	11,248	10,272	12,865	10,638	11,304	10,124	9,102	15,018	9,748	19,264	142,862
% of Revenue	8.1%	10.6%	9.0%	7.9%	7.7%	7.7%	9.0%	7.3%	6.9%	10.6%	6.7%	7.4%	8.1%
Royalty Fee	9,901	10,006	10,032	10,455	13,358	11,096	10,086	11,170	10,611	11,378	11,712	20,911	140,717
Tech Fee	999	999	999	999	999	999	999	999	999	999	999	999	11,988
Marketing Fee	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Local Marketing Spend	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Franchisee Expense	14,400	14,505	14,531	14,954	17,857	15,595	14,585	15,669	15,110	15,877	16,211	25,410	194,705
% of Revenue	11.6%	11.6%	11.6%	11.4%	10.7%	11.2%	11.6%	11.2%	11.4%	11.2%	11.1%	9.7%	11.1%
Total Expense	88,546	94,966	92,628	90,570	94,742	84,641	87,768	91,777	89,598	94,202	93,874	111,738	1,115,051
% of Revenue	71.5%	75.9%	73.9%	69.3%	56.7%	61.0%	69.6%	65.7%	67.6%	66.2%	64.1%	42.7%	63.4%
EBITDA, Studio-Level	33,112	25,764	30,040	35,973	67,494	50,532	35,209	46,355	43,136	45,981	48,078	145,672	607,345
% Margin	26.8%	20.6%	24.0%	27.5%	40.4%	36.4%	27.9%	33.2%	32.5%	32.3%	32.8%	55.7%	34.5%
Date Opened	January-10												
# of Months Open:	157	158	159	160	161	162	163	164	165	166	167	168	2024
# Of Members	747	742	756	766	766	722	726	743	736	755	752	773	Total
Month	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024	
Location Name	North	North	North	North	North	North	North	North	North	North	North	North	
Revenue	178,858	148,522	149,785	151,612	197,105	146,379	145,488	148,763	146,708	148,914	150,697	276,073	1,988,903
Gross Profit	174,508	146,405	147,651	149,124	194,549	144,468	143,645	145,368	144,814	145,993	147,400	270,659	1,954,585
% Margin	97.6%	98.6%	98.6%	98.4%	98.7%	98.7%	98.7%	97.7%	98.7%	98.0%	97.8%	98.0%	98.3%
Salaries & Labor	50,419	44,740	50,818	51,059	52,371	50,482	53,742	55,602	47,945	51,989	51,407	61,241	621,816
Manager	9,028	7,887	9,439	6,541	6,532	6,801	5,724	9,699	7,339	6,532	7,070	6,801	89,393
Other	41,391	36,853	41,379	44,518	45,839	43,681	48,018	45,903	40,606	45,457	44,337	54,440	532,423
% of Revenue	28.2%	30.1%	33.9%	33.7%	26.6%	34.5%	36.9%	37.4%	32.7%	34.9%	34.1%	22.2%	31.3%
Facility	23,533	24,713	20,170	18,105	21,605	16,004	17,295	18,761	19,142	15,685	19,134	16,222	230,368
% of Revenue	13.2%	16.6%	13.5%	11.9%	11.0%	10.9%	11.9%	12.6%	13.0%	10.5%	12.7%	5.9%	11.6%
G & A	12,881	14,312	15,457	17,516	14,902	12,040	11,626	18,416	11,727	12,259	14,107	15,542	170,784
% of Revenue	7.2%	9.6%	10.3%	11.6%	7.6%	8.2%	8.0%	12.4%	8.0%	8.2%	9.4%	5.6%	8.6%
Royalty Fee	14,309	11,882	11,983	12,129	15,768	11,710	11,639	11,901	11,737	11,913	12,056	22,086	159,112
Tech Fee	999	999	999	999	999	999	999	999	999	999	999	999	11,988
Marketing Fee	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Local Marketing Spend	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Franchisee Expense	18,808	16,381	16,482	16,628	20,267	16,209	16,138	16,400	16,236	16,412	16,555	26,585	169,961
% of Revenue	10.5%	11.0%	11.0%	11.0%	10.3%	11.1%	11.1%	11.0%	11.1%	11.0%	11.0%	9.6%	8.5%
Total Expense	105,640	100,145	102,927	103,307	109,146	94,735	98,802	109,178	95,049	96,346	101,203	119,590	1,236,068
% of Revenue	59.1%	67.4%	68.7%	68.1%	55.4%	64.7%	67.9%	73.4%	64.8%	64.7%	67.2%	43.3%	62.1%
EBITDA, Studio-Level	68,869	46,260	44,724	45,817	85,403	49,733	44,844	36,189	49,765	49,648	46,197	151,068	718,517
% Margin	38.5%	31.1%	29.9%	30.2%	43.3%	34.0%	30.8%	24.3%	33.9%	33.3%	30.7%	54.7%	36.1%

DOWNTOWN location

Date Opened	February-19												
# of Months Open:	47	48	49	50	51	52	53	54	55	56	57	58	
# Of Members	706	734	755	789	817	828	862	909	922	911	885	842	2023
Month	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	Total
Location Name	Downtown	Downtown	Downtown	Downtown	Downtown	Downtown	Downtown	Downtown	Downtown	Downtown	Downtown	Downtown	
Revenue	170,240	156,437	162,186	173,362	204,554	179,022	180,374	186,843	187,956	199,892	192,128	277,614	2,270,608
Gross Profit	165,170	150,264	157,194	167,079	197,335	172,474	174,456	183,799	186,420	195,256	184,690	270,638	2,204,776
% Margin	97.0%	96.1%	96.9%	96.4%	96.5%	96.3%	96.7%	98.4%	99.2%	97.7%	96.1%	97.5%	97.1%
Salaries & Labor	45,103	46,920	51,243	50,817	51,887	50,604	52,856	52,483	53,920	52,528	44,902	51,147	604,409
Manager	8,893	7,665	10,564	665	7,663	9,390	11,288	11,880	15,610	10,547	3,581	4,120	101,866
Other	36,211	39,255	40,679	50,152	44,224	41,213	41,568	40,603	38,310	41,981	41,320	47,027	502,543
% of Revenue	26.5%	30.0%	31.6%	29.3%	25.4%	28.3%	29.3%	28.1%	28.7%	26.3%	23.4%	18.4%	26.6%
Facility	18,881	17,743	16,997	18,535	20,251	19,549	21,765	17,679	18,831	21,211	18,420	21,697	231,560
% of Revenue	11.1%	11.3%	10.5%	10.7%	9.9%	10.9%	12.1%	9.5%	10.0%	10.6%	9.6%	7.8%	10.2%
G & A	9,035	11,175	9,886	14,851	13,546	13,205	18,180	13,564	15,410	15,603	14,677	15,798	164,929
% of Revenue	5.3%	7.1%	6.1%	8.6%	6.6%	7.4%	10.1%	7.3%	8.2%	7.8%	7.6%	5.7%	7.3%
Royalty Fee	13,619	12,515	12,975	13,869	16,364	14,322	14,430	14,947	15,037	15,991	15,370	22,209	181,649
Tech Fee	999	999	999	999	999	999	999	999	999	999	999	999	11,988
Marketing Fee	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Local Marketing Spend	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Franchisee Expense	18,118	17,014	17,474	18,368	20,863	18,821	18,929	19,446	19,536	20,490	19,869	26,708	235,637
% of Revenue	10.6%	10.9%	10.8%	10.6%	10.2%	10.5%	10.5%	10.4%	10.4%	10.3%	10.3%	9.6%	10.4%
Total Expense	91,138	92,852	95,599	102,571	106,547	102,177	111,730	103,172	107,697	109,833	97,868	115,350	1,236,535
% of Revenue	53.5%	59.4%	58.9%	59.2%	52.1%	57.1%	61.9%	55.2%	57.3%	54.9%	50.9%	41.6%	54.5%
EBITDA, Studio-Level	74,032	57,412	61,595	64,508	90,788	70,297	62,726	80,626	78,723	85,424	86,822	155,288	968,241
% Margin	43.5%	36.7%	38.0%	37.2%	44.4%	39.3%	34.8%	43.2%	41.9%	42.7%	45.2%	55.9%	42.6%

Date Opened	February-19												
# of Months Open:	59	60	61	62	63	64	65	66	67	68	69	70	
# Of Members	895	885	913	893	909	883	846	885	913	924	912	882	2024
Month	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024	Total
Location Name	Downtown	Downtown	Downtown	Downtown	Downtown	Downtown	Downtown	Downtown	Downtown	Downtown	Downtown	Downtown	
Manager	6,473	9,311	16,179	13,223	9,477	12,061	10,747	17,368	13,223	13,223	12,470	10,954	144,709
Other	45,111	43,495	48,272	43,642	52,469	46,330	52,053	45,960	44,926	48,552	45,283	47,170	563,261
% of Revenue	22.1%	27.2%	32.8%	29.1%	26.3%	30.7%	34.8%	34.3%	30.5%	31.0%	29.6%	21.0%	28.6%
Facility	23,137	19,229	23,874	19,149	18,851	18,295	19,305	18,266	18,368	17,815	17,715	18,857	232,861
% of Revenue	9.9%	9.9%	12.1%	9.8%	8.0%	9.6%	10.7%	9.9%	9.6%	8.9%	9.1%	6.8%	9.4%
G & A	20,246	17,968	16,899	14,531	14,933	12,360	12,126	13,978	8,970	12,679	17,923	19,383	181,996
% of Revenue	8.7%	9.3%	8.6%	7.4%	6.3%	6.5%	6.7%	7.6%	4.7%	6.4%	9.2%	7.0%	7.4%
Royalty Fee	18,699	15,524	15,728	15,635	18,842	15,194	14,418	14,762	15,270	15,959	15,584	22,116	197,732
Tech Fee	999	999	999	999	999	999	999	999	999	999	999	999	11,988
Marketing Fee	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Local Marketing Spend	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Franchisee Expense	23,198	20,023	20,227	20,134	23,341	19,693	18,917	19,261	19,769	20,458	20,083	26,615	205,021
% of Revenue	9.9%	10.3%	10.3%	10.3%	9.9%	10.4%	10.5%	10.4%	10.4%	10.3%	10.3%	9.6%	8.3%
Total Expense	118,165	110,027	125,452	110,678	119,071	108,739	113,148	114,834	105,256	112,726	113,474	122,979	1,374,546
% of Revenue	50.6%	56.7%	63.8%	56.6%	50.6%	57.3%	62.8%	62.2%	55.1%	56.5%	58.3%	44.5%	55.6%
EBITDA, Studio-Level	109,492	81,106	68,162	80,756	112,276	78,848	64,485	67,322	82,945	83,729	77,263	148,256	1,054,640
% Margin	46.8%	41.8%	34.7%	41.3%	47.7%	41.5%	35.8%	36.5%	43.5%	42.0%	39.7%	53.6%	42.7%

MIAMI location

Date Opened	September-22												
# of Months Open:	5	6	7	8	9	10	11	12	13	14	15	16	
# Of Members	310	319	328	333	334	326	321	323	331	335	346	337	2023
Month	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	Total
Location Name	Miami	Miami	Miami	Miami	Miami	Miami	Miami	Miami	Miami	Miami	Miami	Miami	
Revenue	71,359	75,053	80,207	77,667	90,371	78,275	78,326	79,829	80,723	84,927	84,516	99,428	980,682
Gross Profit	68,855	71,210	78,758	73,418	86,651	75,077	74,691	78,622	78,622	83,275	82,518	96,240	947,938
% Margin	96.5%	94.9%	98.2%	94.5%	95.9%	95.9%	95.4%	98.5%	97.4%	98.1%	97.6%	96.8%	96.7%
Salaries & Labor	25,428	28,284	30,837	28,652	31,662	31,452	31,232	27,998	31,148	30,187	33,023	31,428	361,331
Manager	5,683	5,938	8,612	6,190	5,921	6,728	6,728	6,190	8,074	4,306	7,478	7,685	79,533
Other	19,745	22,346	22,225	22,463	25,741	24,724	24,504	21,808	23,074	25,881	25,545	23,743	281,799
% of Revenue	35.6%	37.7%	38.4%	36.9%	35.0%	40.2%	39.9%	35.1%	38.6%	35.5%	39.1%	31.6%	36.8%
Facility	29,578	31,313	31,526	30,707	30,776	31,526	30,755	31,674	31,408	30,579	31,943	30,491	372,276
% of Revenue	41.5%	41.7%	39.3%	39.5%	34.1%	40.3%	39.3%	39.7%	38.9%	36.0%	37.8%	30.7%	38.0%
G & A	5,022	7,050	6,610	5,633	6,111	5,209	10,508	7,406	10,972	11,049	12,546	8,268	96,383
% of Revenue	7.0%	9.4%	8.2%	7.3%	6.8%	6.7%	13.4%	9.3%	13.6%	13.0%	14.8%	8.3%	9.8%
Royalty Fee	5,709	6,004	6,417	6,213	7,230	6,262	6,266	6,386	6,386	6,794	6,761	7,954	78,383
Tech Fee	999	999	999	999	999	999	999	999	999	999	999	999	11,988
Marketing Fee	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Local Marketing Spend	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Franchisee Expense	10,208	10,503	10,916	10,712	11,729	10,761	10,765	10,885	10,885	11,293	11,260	12,453	132,371
% of Revenue	14.3%	14.0%	13.6%	13.8%	13.0%	13.7%	13.7%	13.6%	13.5%	13.3%	13.3%	12.5%	13.5%
Total Expense	70,236	77,151	79,888	75,704	80,277	78,948	83,260	77,964	84,413	83,108	88,771	82,641	962,361
% of Revenue	98.4%	102.8%	99.6%	97.5%	88.8%	100.9%	106.3%	97.7%	104.6%	97.9%	105.0%	83.1%	98.1%
EBITDA, Studio-Level	(1,381)	(5,940)	(1,130)	(2,286)	6,375	(3,871)	(8,569)	658	(5,791)	167	(6,253)	13,600	(14,423)
% Margin	-1.9%	-7.9%	-1.4%	-2.9%	7.1%	-4.9%	-10.9%	0.8%	-7.2%	0.2%	-7.4%	13.7%	-1.5%
Date Opened	September-22												
# of Months Open:	17	18	19	20	21	22	23	24	25	26	27	28	
# Of Members	361	376	352	351	334	307	289	294	276	294	292	276	2024
Month	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024	Total
Location Name	Miami	Miami	Miami	Miami	Miami	Miami	Miami	Miami	Miami	Miami	Miami	Miami	
Gross Profit	98,596	93,622	91,854	97,161	95,142	91,849	89,225	87,550	86,033	87,025	84,612	96,303	1,098,972
% Margin	98.1%	97.7%	98.7%	98.0%	98.1%	98.5%	98.1%	96.9%	98.5%	98.0%	95.9%	95.1%	97.6%
Salaries & Labor	39,973	36,871	35,315	34,539	36,831	37,029	40,538	40,695	36,884	38,011	39,220	48,648	464,553
Manager	10,512	8,565	10,294	-	2,907	6,046	6,857	9,487	5,781	5,781	6,319	6,857	79,406
Other	29,461	28,306	25,021	34,539	33,924	30,983	33,681	31,208	31,103	32,230	32,901	41,791	385,147
% of Revenue	39.8%	38.5%	38.0%	34.8%	38.0%	39.7%	44.6%	45.1%	42.2%	42.8%	44.4%	48.1%	41.3%
Facility	30,345	37,579	32,169	31,537	36,067	29,891	30,730	29,999	30,468	30,140	29,176	29,567	377,666
% of Revenue	30.2%	39.2%	34.6%	31.8%	37.2%	32.1%	33.8%	33.2%	34.9%	33.9%	33.1%	29.2%	33.6%
G & A	14,705	9,488	10,713	14,461	10,722	8,803	7,764	9,416	7,848	8,660	12,587	9,683	124,849
% of Revenue	14.6%	9.9%	11.5%	14.6%	11.0%	9.4%	8.5%	10.4%	9.0%	9.8%	14.3%	9.6%	11.1%
Royalty Fee	8,041	7,665	7,442	7,934	7,762	7,457	7,278	7,225	6,986	7,104	7,059	8,099	90,052
Tech Fee	999	999	999	999	999	999	999	999	999	999	999	999	11,988
Marketing Fee	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Local Marketing Spend	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Franchisee Expense	12,540	12,164	11,941	12,433	12,261	11,956	11,777	11,724	11,485	11,603	11,558	12,598	119,884
% of Revenue	12.5%	12.7%	12.8%	12.5%	12.6%	12.8%	12.9%	13.0%	13.2%	13.1%	13.1%	12.4%	10.7%
Total Expense	97,562	96,102	90,138	92,969	95,881	87,678	90,808	91,834	86,685	88,413	92,540	100,496	1,111,108
% of Revenue	97.1%	100.3%	96.9%	93.7%	98.8%	94.1%	99.8%	101.7%	99.3%	99.6%	104.9%	99.3%	98.7%
EBITDA, Studio-Level	1,034	(2,481)	1,715	4,191	(739)	4,171	(1,583)	(4,284)	(652)	(1,388)	(7,928)	(4,193)	(12,136)
% Margin	1.0%	-2.6%	1.8%	4.2%	-0.8%	4.5%	-1.7%	-4.7%	-0.7%	-1.6%	-9.0%	-4.1%	-1.1%

BOCA location

Date Opened	June-20												
# of Months Open:	31	32	33	34	35	36	37	38	39	40	41	42	
# Of Members	625	646	682	703	703	690	716	741	739	675	698	689	2023
Month	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	Total
Location Name	Boca	Boca	Boca	Boca	Boca	Boca	Boca	Boca	Boca	Boca	Boca	Boca	
Revenue	152,954	145,974	154,136	154,660	183,200	151,450	145,603	152,801	155,938	171,863	185,319	288,686	2,042,582
Gross Profit	147,525	140,786	149,492	149,226	176,554	147,677	142,020	150,449	156,678	168,783	179,970	282,575	1,991,737
% Margin	96.5%	96.4%	97.0%	96.5%	96.4%	97.5%	97.5%	98.5%	100.5%	98.2%	97.1%	97.9%	97.5%
Salaries & Labor	41,398	43,065	46,355	43,882	45,651	44,099	46,393	45,056	43,836	45,206	47,005	54,089	546,037
Manager	8,700	8,128	11,289	7,685	7,836	7,430	7,638	7,473	9,961	6,290	6,599	7,919	96,949
Other	32,698	34,937	35,066	36,198	37,815	36,668	38,756	37,582	33,875	38,916	40,406	46,171	449,088
% of Revenue	27.1%	29.5%	30.1%	28.4%	24.9%	29.1%	31.9%	29.5%	28.1%	26.3%	25.4%	18.7%	26.7%
Facility	21,049	20,759	19,696	19,903	22,388	19,746	33,480	19,598	19,708	19,666	22,540	23,557	262,090
% of Revenue	13.8%	14.2%	12.8%	12.9%	12.2%	13.0%	23.0%	12.8%	12.6%	11.4%	12.2%	8.2%	12.8%
G & A	11,268	12,179	8,947	10,382	11,120	11,174	12,528	11,476	24,128	10,748	14,377	17,913	156,239
% of Revenue	7.4%	8.3%	5.8%	6.7%	6.1%	7.4%	8.6%	7.5%	15.5%	6.3%	7.8%	6.2%	7.6%
Royalty Fee	12,236	11,678	12,331	12,373	14,656	12,116	11,648	12,224	12,475	13,749	14,826	23,095	163,407
Tech Fee	999	999	999	999	999	999	999	999	999	999	999	999	11,988
Marketing Fee	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Local Marketing Spend	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Franchisee Expense	16,735	16,177	16,830	16,872	19,155	16,615	16,147	16,723	16,974	18,248	19,325	27,594	217,395
% of Revenue	10.9%	11.1%	10.9%	10.9%	10.5%	11.0%	11.1%	10.9%	10.9%	10.6%	10.4%	9.6%	10.6%
Total Expense	90,451	92,180	91,829	91,038	98,314	91,634	108,548	92,852	104,647	93,868	103,247	123,153	1,181,761
% of Revenue	59.1%	63.1%	59.6%	58.9%	53.7%	60.5%	74.6%	60.8%	67.1%	54.6%	55.7%	42.7%	57.9%
EBITDA, Studio-Level	57,074	48,606	57,664	58,188	78,240	56,043	33,472	57,597	52,032	74,915	76,723	159,422	809,976
% Margin	37.3%	33.3%	37.4%	37.6%	42.7%	37.0%	23.0%	37.7%	33.4%	43.6%	41.4%	55.2%	39.7%

Date Opened	June-20												
# of Months Open:	43	44	45	46	47	48	49	50	51	52	53	54	
# Of Members	704	724	707	702	726	703	714	750	776	780	778	797	2024
Month	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024	Total
Location Name	Boca	Boca	Boca	Boca	Boca	Boca	Boca	Boca	Boca	Boca	Boca	Boca	
Manager	9,608	9,175	10,248	7,804	7,620	8,229	8,266	12,444	9,018	9,382	8,168	7,969	107,931
Other	41,797	35,387	42,274	42,343	45,425	44,248	45,786	41,950	41,116	46,067	44,192	43,219	513,804
% of Revenue	23.8%	25.1%	27.5%	27.1%	22.6%	27.3%	28.8%	27.1%	24.4%	28.0%	25.5%	17.9%	25.1%
Facility	25,061	22,479	21,311	38,872	20,980	20,290	21,575	21,458	21,442	21,050	22,452	22,158	279,128
% of Revenue	11.6%	12.7%	11.2%	21.0%	9.0%	10.6%	11.5%	10.7%	10.4%	10.6%	10.9%	7.7%	11.3%
G & A	13,319	17,813	16,542	15,411	16,032	15,709	13,008	16,049	15,695	18,138	15,554	16,325	189,596
% of Revenue	6.2%	10.0%	8.7%	8.3%	6.8%	8.2%	6.9%	8.0%	7.6%	9.1%	7.6%	5.7%	7.6%
Royalty Fee	17,251	14,211	15,269	14,780	18,751	15,373	15,030	16,069	16,427	15,862	16,446	22,881	198,350
Tech Fee	999	999	999	999	999	999	999	999	999	999	999	999	11,988
Marketing Fee	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Local Marketing Spend	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Franchisee Expense	20,850	17,810	18,868	18,379	22,350	18,972	18,629	19,668	20,026	19,461	20,045	26,480	195,013
% of Revenue	9.7%	10.0%	9.9%	9.9%	9.5%	9.9%	9.9%	9.8%	9.8%	9.8%	9.8%	9.3%	7.9%
Total Expense	110,635	102,664	109,243	122,808	112,408	107,449	107,265	111,570	107,297	114,098	110,410	116,150	1,331,996
% of Revenue	51.3%	57.8%	57.2%	66.5%	48.0%	55.9%	57.1%	55.5%	52.3%	57.5%	53.7%	40.6%	53.7%
EBITDA, Studio-Level	101,527	72,620	79,896	58,600	119,264	82,851	79,000	88,089	94,740	81,380	91,808	163,511	1,113,286
% Margin	47.1%	40.9%	41.9%	31.7%	50.9%	43.1%	42.0%	43.9%	46.1%	41.0%	44.7%	57.2%	44.9%

HOLLYWOOD location

Date Opened	May-22												
# of Months Open:	8	9	10	11	12	13	14	15	16	17	18	19	2023
# Of Members	285	284	297	295	302	294	298	318	334	324	320	322	Total
Month	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	
Location Name	Hollywood	Hollywood	Hollywood	Hollywood	Hollywood	Hollywood	Hollywood	Hollywood	Hollywood	Hollywood	Hollywood	Hollywood	
Revenue	49,198	51,105	56,902	52,045	62,058	57,476	56,197	58,914	63,364	59,201	63,382	94,307	724,147
Gross Profit	47,760	49,096	55,064	50,810	60,847	56,630	(1,308)	58,235	63,513	58,458	61,626	92,774	653,504
% Margin	97.1%	96.1%	96.8%	97.6%	98.0%	98.5%	-2.3%	98.8%	100.2%	98.7%	97.2%	98.4%	90.2%
Salaries & Labor	25,875	31,671	32,680	27,852	28,109	31,216	30,952	30,019	34,132	30,298	31,735	35,978	370,515
Manager	6,606	5,487	8,227	6,281	4,930	4,930	6,321	5,738	8,491	6,276	4,981	6,421	74,689
Other	19,268	26,184	24,453	21,571	23,178	26,286	24,631	24,281	25,641	24,022	26,754	29,557	295,826
% of Revenue	52.6%	62.0%	57.4%	53.5%	45.3%	54.3%	55.1%	51.0%	53.9%	51.2%	50.1%	38.1%	51.2%
Facility	18,767	18,986	22,459	20,519	20,503	20,909	20,205	21,546	24,849	21,001	22,421	18,876	251,040
% of Revenue	38.1%	37.2%	39.5%	39.4%	33.0%	36.4%	36.0%	36.6%	39.2%	35.5%	35.4%	20.0%	34.7%
G & A	6,358	4,969	5,064	4,002	6,236	3,949	4,570	7,235	6,083	7,893	7,117	6,262	69,737
% of Revenue	12.9%	9.7%	8.9%	7.7%	10.0%	6.9%	8.1%	12.3%	9.6%	13.3%	11.2%	6.6%	9.6%
Royalty Fee	3,936	4,088	4,552	4,164	4,965	4,598	4,496	4,713	5,069	4,736	5,071	7,545	57,932
Tech Fee	999	999	999	999	999	999	999	999	999	999	999	999	11,988
Marketing Fee	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Local Marketing Spend	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Franchisee Expense	8,435	8,587	9,051	8,663	9,464	9,097	8,995	9,212	9,568	9,235	9,570	12,044	111,920
% of Revenue	17.1%	16.8%	15.9%	16.6%	15.2%	15.8%	16.0%	15.6%	15.1%	15.6%	15.1%	12.8%	15.5%
Total Expense	59,434	64,213	69,254	61,035	64,311	65,171	64,721	68,012	74,631	68,427	70,843	73,158	803,211
% of Revenue	120.8%	125.7%	121.7%	117.3%	103.6%	113.4%	115.2%	115.4%	117.8%	115.6%	111.8%	77.6%	110.9%
EBITDA, Studio-Level	(11,674)	(15,118)	(14,190)	(10,225)	(3,464)	(8,541)	(66,029)	(9,777)	(11,119)	(9,970)	(9,216)	19,616	(149,707)
% Margin	-23.7%	-29.6%	-24.9%	-19.6%	-5.6%	-14.9%	-117.5%	-16.6%	-17.5%	-16.8%	-14.5%	20.8%	-20.7%
Date Opened	May-22												
# of Months Open:	20	21	22	23	24	25	26	27	28	29	30	31	2024
# Of Members	371	348	388	389	411	395	391	407	420	434	440	444	Total
Month	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024	
Location Name	Hollywood	Hollywood	Hollywood	Hollywood	Hollywood	Hollywood	Hollywood	Hollywood	Hollywood	Hollywood	Hollywood	Hollywood	
Revenue	67,569	69,191	75,699	75,664	104,508	77,342	79,289	79,010	80,722	86,405	87,802	134,427	1,017,630
Gross Profit	66,565	67,939	74,903	74,237	101,961	76,630	78,286	78,460	79,607	85,227	84,753	130,573	999,143
% Margin	98.5%	98.2%	98.9%	98.1%	97.6%	99.1%	98.7%	99.3%	98.6%	98.6%	96.5%	97.1%	98.2%
Salaries & Labor	35,457	33,760	36,781	37,964	39,620	40,739	41,408	37,640	35,186	39,491	38,786	52,431	469,264
Manager	8,514	9,257	9,249	6,432	6,591	8,475	7,398	10,296	6,322	5,783	6,591	6,860	91,768
Other	26,943	24,503	27,532	31,532	33,029	32,264	34,010	27,344	28,864	33,708	32,195	45,571	377,496
% of Revenue	52.5%	48.8%	48.6%	50.2%	37.9%	52.7%	52.2%	47.6%	43.6%	45.7%	44.2%	39.0%	46.1%
Facility	19,523	22,790	20,322	19,318	16,544	18,105	19,068	17,644	18,129	17,524	18,536	36,981	244,486
% of Revenue	28.9%	32.9%	26.8%	25.5%	15.8%	23.4%	24.0%	22.3%	22.5%	20.3%	21.1%	27.5%	24.0%
G & A	4,687	4,510	10,210	10,405	7,699	7,897	7,537	8,209	6,395	7,798	10,307	11,339	96,993
% of Revenue	6.9%	6.5%	13.5%	13.8%	7.4%	10.2%	9.5%	10.4%	7.9%	9.0%	11.7%	8.4%	9.5%
Royalty Fee	5,406	5,535	6,056	6,053	8,361	6,187	6,343	6,321	6,458	6,912	7,024	10,754	81,410
Tech Fee	999	999	999	999	999	999	999	999	999	999	999	999	11,988
Marketing Fee	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Local Marketing Spend	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Franchisee Expense	9,905	10,034	10,555	10,552	12,860	10,686	10,842	10,820	10,957	11,411	11,523	15,253	108,622
% of Revenue	14.7%	14.5%	13.9%	13.9%	12.3%	13.8%	13.7%	13.7%	13.6%	13.2%	13.1%	11.3%	10.7%
Total Expense	69,572	71,094	77,868	78,239	76,723	77,428	78,855	74,313	70,667	76,225	79,153	116,005	946,141
% of Revenue	103.0%	102.8%	102.9%	103.4%	73.4%	100.1%	99.5%	94.1%	87.5%	88.2%	90.1%	86.3%	93.0%
EBITDA, Studio-Level	(3,007)	(3,155)	(2,965)	(4,001)	25,238	(798)	(570)	4,148	8,940	9,003	5,601	14,568	53,001
% Margin	-4.4%	-4.6%	-3.9%	-5.3%	24.1%	-1.0%	-0.7%	5.2%	11.1%	10.4%	6.4%	10.8%	5.2%

CORAL SPRINGS location

Date Opened	July-24						
# of Months Open:	1	2	3	4	5	6	
# Of Members	200	218	239	236	243	237	
Month	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024	2024
Location Name	Coral Springs	Coral Springs	Coral Springs	Coral Springs	Coral Springs	Coral Springs	Total
Revenue	42,755	47,225	52,465	56,465	57,949	78,683	335,542
Gross Profit	42,015	43,359	51,835	56,097	60,487	75,494	329,287
% Margin	98.3%	91.8%	98.8%	99.3%	104.4%	95.9%	98.1%
Salaries & Labor	29,874	27,848	24,370	26,318	28,577	40,495	177,481
Manager	5,753	10,804	7,386	8,175	6,560	6,829	45,507
Other	24,121	17,044	16,984	18,143	22,017	33,666	131,974
% of Revenue	69.9%	59.0%	46.4%	46.6%	49.3%	51.5%	52.9%
Facility	20,355	19,412	22,727	19,755	20,446	19,237	121,932
% of Revenue	47.6%	41.1%	43.3%	35.0%	35.3%	24.4%	36.3%
G & A	9,754	8,942	6,427	6,588	7,174	7,810	46,694
% of Revenue	22.8%	18.9%	12.2%	11.7%	12.4%	9.9%	13.9%
Royalty Fee	3,420	3,778	4,197	4,517	4,636	6,295	26,843
Tech Fee	999	999	999	999	999	999	5,994
Marketing Fee	1,000	1,000	1,000	1,000	1,000	1,000	6,000
Local Marketing Spend	2,500	2,500	2,500	2,500	2,500	2,500	15,000
Franchisee Expense	7,919	8,277	8,696	9,016	9,135	10,794	53,837
% of Revenue	18.5%	17.5%	16.6%	16.0%	15.8%	13.7%	16.0%
Total Expense	67,903	64,479	62,219	61,677	65,332	78,335	399,945
% of Revenue	158.8%	136.5%	118.6%	109.2%	112.7%	99.6%	119.2%
EBITDA, Studio-Level	(25,887)	(21,120)	(10,384)	(5,580)	(4,845)	(2,841)	(70,658)
% Margin	-60.5%	-44.7%	-19.8%	-9.9%	-8.4%	-3.6%	-21.1%

Notes to Company-Owned Businesses tables:

1. The # Of Months Opened & Month/Year is the number of months each Company-Owned studio has been opened as of the month for which the financial information is provided, from January 2023 through December 2024.
2. The # of Members is the number of members each Company-Owned studio had as of the last day of the month for which the financial information is provided, from January 2023 through December 2024.
3. Revenue is the total revenue derived from the sale of goods or services less sales tax, discounts, allowances and returns.
4. Gross Profit is the Revenue minus the Total Cost of Goods Sold, which is the cost of goods sold, including variances for loss, damaged items and theft. Total Cost of Goods Sold is not shown in the above financial performance representations. The % Margin is the Gross Profit as a percentage of Revenue.

5. Salaries & Labor are the salaries and payroll costs of employees, including the manager, teachers and front desk employees, and separately breaks out the expense for the Manager's salary from the other salary & labor expenses. Because we share lead teachers among our Company-Owned studios, we allocated the Salary & Labor expense for the lead teacher for each of the locations. We did not include employee benefits, including health insurance benefits, in the above Salaries & Labor representation as you may not offer such benefits to employees of your Yoga Joint Studio. Also included are the Salaries & Labor expenses of each location as a percentage of Revenue.
6. Facility is the lease rental costs, including any CAM, real estate taxes, insurance, janitorial costs, maintenance and repair costs, and utilities, of each of these locations, as well as the Facility expenses of each location as a percentage of Revenue. We allocated and did not include \$138,798 in the Facility costs for the Pines location for 2023 and 2024, as we use a portion of the Pines location premises for only corporate/Franchisor business.
7. G & A is General & Administrative Expenses and includes all other direct expenses other than Facility costs, Salaries & Labor costs, and Total Cost of Goods Sold, including, but not limited to, costs of office and cleaning supplies, banking and merchant fees, computer, internet and telephone expenses, dues and subscriptions, studio consumables and amenity expenses, equipment/studio expenses, employee recruiting fees, professional fees, meal expenses and business license fees. Also included above is the General & Administrative Expenses of each location as a percentage of Revenue.
8. The Royalty Fee, Tech Fee (the Technology Fee), the Marketing Fee (the Management Fee), and the Local Marketing Spend represent the 8% monthly Royalty Fee, the \$999 monthly Technology Fee, the \$1,000 monthly Marketing Management Fee, and the \$2,500 minimum monthly Local Marketing Expenditure required for the first 24 months of operations and recommended thereafter, respectively, that these Company-Owned outlets would have paid if they were franchised. The "Franchisee Expense" are all of these fees added together, and the % of Revenue figures are these total fees as a percentage of Revenue for each location. Although we included expenses for the franchise Local Marketing Spend, marketing and sales were not actually conducted for the North, Davie, Deerfield, Downtown and Boca locations. We did not include the optional Sales Assistance Fee as an expense, because this is an optional service you may elect to use.
9. Total Expenses include the Salaries & Labor, Facility, G & A Expenses, and total Franchisee Expense amounts, as well as the Total Expenses of each location as a percentage of Revenue.
10. Net Profit is the Gross Profit minus Total Expenses. The % Margin is the Net Profit as a percentage of Revenue.
11. We believe the Pines and Hollywood locations have an estimated 30% higher rent and 20% higher payroll than a typical Yoga Joint studio would have in the same or similar area due to having a larger footprint and more classes than your Yoga Joint studio will likely have in a similar market area.

The Group Measured and Number of Outlets Measured:

These figures are derived from the actual historical performance of all 9 of our Company-Owned outlets for the 12-month period from January 2023 through December 2023 and for the 12-month period of January 2024 through December 2024, except that the Coral Springs, Florida location is only for the 6-month period of July 2024 through December 2024, as it opened in July 2024. These are the only Yoga Joint studios that were in operation during 2023 and 2024 and as of the date of this Disclosure Document. We did not have any franchised locations in 2023 and had one franchise location (Boca West) open in November 2024, which is not included in the above representation.

Distinguishing Characteristics:

Your Yoga Joint studio may differ from the Company-Owned Yoga Joint studios included in the preceding financial performance representation based on characteristics such as, but not limited to, the geographic area in which these studios are located, the market/demographics, the size of the studio, the number of classes offered at the studio, the degree of competition, and the length of time operating. All of these Company-Owned studios operate in South Florida (Miami-Dade, Broward and Palm Beach Counties, Florida).

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

Some franchisees have sold these amounts. Your individual results may differ. There is no assurance that you will sell as much.

Other than the preceding financial performance representation, Yoga Joint Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Bernie Zarco, Yoga Joint Franchising, LLC, 698 W. Yamato Road, Boca Raton, Florida 33431, (305) 302-2884, the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION.

Table No. 1
Systemwide Outlet Summary
For years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the year	Outlets at the End of the Year	Net Change
Franchised Outlets	2022	0	0	0
	2023	0	0	0
	2024	0	1	+1

Outlet Type	Year	Outlets at the Start of the year	Outlets at the End of the Year	Net Change
Company Owned Outlets (Note 1)	2022	6	8	+2
	2023	8	8	0
	2024	8	9	+1
Total Outlets	2022	6	8	+2
	2023	8	8	0
	2024	8	10	+2

Note 1: The “Company Owned Outlets” are owned and operated by our affiliates.

Table No. 2
**Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor)
For Years 2022 to 2024**

State	Year	Number of Transfers
All States	2022	0
	2023	0
	2024	0
Total	2022	0
	2023	0
	2024	0

Table No. 3
Status of Franchised Outlets For Year 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Florida	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Total	2023	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1

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

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Florida	2022	6	2	0	0	0	8
	2023	8	0	0	0	0	8
	2024	8	1	0	0	0	9
Total	2022	6	2	0	0	0	8
	2023	8	0	0	0	0	8
	2024	8	1	0	0	0	9

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

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
Florida	4	2	2
Total	4	2	2

Exhibit G lists the names of all of our currently operating franchisees as of December 31, 2024, and the addresses and telephone numbers of their outlets. Exhibit G also lists our current franchisees who have signed Franchise Agreements for units that were not yet opened as of December 31, 2024. We did not have any area developers as of December 31, 2024. Exhibit H lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

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

No franchisees have signed confidentiality clauses during the last three fiscal years.

There are no trademark specific franchisee associations that we are aware of.

ITEM 21: FINANCIAL STATEMENTS.

Attached as Exhibit E to this Disclosure Document is our audited financial statements for the year ended December 31, 2024, audited financial statements from inception through December 31, 2023, and our unaudited interim balance sheet and profit and loss statement as of May 31, 2025. **We have not been in business for three years or more, and cannot include all financial statements required by the FTC's Franchise Rule.**

ITEM 22: CONTRACTS.

Exhibit B - Franchise Agreement

Franchise Location and Territory (Exhibit A to Franchise Agreement)

Site Selection Area, Location and Territory (Exhibit B to Franchise Agreement)

Confidentiality Agreement (for instructors and Franchisee's employees to sign) (Exhibit C to Franchise Agreement)

Guaranty (Exhibit D to Franchise Agreement)

Lease Addendum (Exhibit E to Franchise Agreement)

Security Agreement (Exhibit F to Franchise Agreement)

State Addenda (Exhibit G to Franchise Agreement)

Exhibit C – Area Development Agreement (ADA)

Area Development Fee / Development Area (Exhibit A to ADA)

Minimum Development Obligations (Exhibit B to ADA)

Ownership Interest (Exhibit C to ADA)

Guaranty (Exhibit D to ADA)

Exhibit D – Sample General Release

Exhibit I – Deposit Agreement for Franchise Agreement

Exhibit J – Deposit Agreement for Area Development Agreement

ITEM 23: RECEIPTS.

Attached as the last (2) two pages of this disclosure are detachable documents acknowledging your receipt of this disclosure document.

Exhibit "A"

List of State Franchise Administrators and Agents for Service of Process

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677	Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	State of Hawaii Business Registration Division Securities Compliance Branch Dept. of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Hawaii Commissioner of Securities Same Address
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same
KENTUCKY	Kentucky Attorney General's Office	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
	Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit Williams Building, 1 st Floor 525 W. Ottawa Street Lansing, MI 48909 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101 651-539-1600	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance 1526 K Street, Suite 300 Lincoln, NE 68508 P.O. Box 95006 Lincoln, Nebraska 68509-5006 402-471-2171	Same
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
NEW YORK	New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 212-416-8285	Secretary of State 99 Washington Avenue Albany, New York 12231
NORTH CAROLINA	Secretary of State's Office/Securities	Secretary of State

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
	Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State's Office Same Address
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 68-2 1511 Pontiac Avenue Cranston, RI 02920 401-462-9527	Director, Rhode Island Department of Business Regulation Same address
SOUTH CAROLINA	Secretary of State 1205 Pendleton St., Ste. 525 Columbia, SC 29201 803-734-1728	Same
SOUTH DAKOTA	Department of Labor and Regulation Division of Securities 124 S. Euclid St., Ste. 104 Pierre, SD 57501 605-773-4823	Director of South Dakota Division of Securities Same Address
TEXAS	Secretary of State Registrations Unit P.O. Box 13193 Austin, TX 78711-3193 512-475-0775	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804)	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
	Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX:801-530-6001	
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9 th Floor 1300 E. Main Street Richmond, VA 23219 804-371-9051	Clerk of the State Corporation Commission 1300 E. Main Street, 1 st Floor Richmond, VA 23219 804-371-9733
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8760	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 201 W. Washington Ave., Ste. 300 Madison, WI 53703 608-267-9140	Wisconsin Commissioner of Securities Same Address

Exhibit “B”

Franchise Agreement and Exhibits



Yoga Joint

YOGA JOINT FRANCHISE AGREEMENT

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Addenda

Ownership Addendum to Franchise Agreement

Exhibits

- A. Site Selection Area, Location and Territory
- B. Electronic Funds Transfer Authorization
- C. Confidentiality Agreement (for instructors and Franchisee's employees to sign)
- D. Guaranty
- E. Lease Addendum
- F. Security Agreement
- G. State Addenda

FRANCHISE AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, _____, between YOGA JOINT FRANCHISING, LLC, a Florida limited liability company with its principal office at 698 W. Yamato Road, Boca Raton, Florida 33431 ("Franchisor") and _____, a _____ whose principal address is _____ ("Franchisee").

RECITALS

WHEREAS, Franchisor is the sole and exclusive owner of the right to license a proprietary system for the establishment and operation of heated boutique yoga and fitness studios under the trade name and trademark YOGA JOINT® and using Franchisor's Yoga Joint teacher training program (the "Yoga Joint System"). The Yoga Joint System may include, among other things, the following elements, all or some of which may be deleted, changed, improved or further developed by Franchisor from time to time as Franchisor deems necessary:

Methods, systems and procedures necessary to operate a franchised Yoga Joint studio, including, but not limited to, advertising, sales techniques, proprietary software and technology, proprietary equipment, materials, signs, control systems; bookkeeping and accounting methods and other recommended and suggested methods of business operation;

Plans and specifications for exterior signage, equipment, technology, and marketing techniques and materials;

A uniform method of operating, which is described in the Manual;

Distinctive and characteristic trade names, trade dress, trademarks and service marks, including, but not limited to: "YOGA JOINT®," and other related trademarks, trade names, service marks, logotypes, insignias, signs, designs, color schemes, standardized premises featuring characteristic exterior style, colors, and design, interior design and furnishings, and emblems as Franchisor designates in the Manual or otherwise in writing or as prescribed for use with the Yoga Joint System and as may from time to time be developed as Franchisor deems necessary (the "Proprietary Marks"); and

Such exclusive confidential information and trade secrets as has been and may from time to time be developed, and which are disclosed by Franchisor to its franchisees in confidence in connection with the construction and operation of a Yoga Joint studio.

WHEREAS, Franchisee wishes to obtain the right from Franchisor to operate a Yoga Joint studio pursuant to the Yoga Joint System, and to be afforded the assistance provided by Franchisor in connection therewith, and understands and accepts the terms, conditions and covenants set forth herein as those which are reasonably necessary to maintain Franchisor's high and uniform standards of quality and service designed to protect the goodwill and enhance the public image of the Proprietary Marks and the Yoga Joint System and recognizes the necessity of operating its Yoga Joint studio in faithful compliance therewith, and with Franchisor's standards specifications.

NOW, THEREFORE, the parties in consideration of the undertaking and commitments set forth in this Agreement, agree as follows:

1. GRANT AND RENEWAL OF FRANCHISE

1.1 Grant of Franchise

Subject to the provisions of this Agreement, Franchisor hereby grants to Franchisee the non-exclusive right to operate one Yoga Joint studio (the "Yoga Joint Studio") and to use the names and Proprietary Marks

and the Yoga Joint System during the Term (as defined below) solely at the location identified in Exhibit A to this Agreement (the "Location"). Franchisee may not operate the Yoga Joint Studio from any other location, and Franchisee may not relocate the Yoga Joint Studio for any purpose without the express prior written approval and consent of Franchisor. Franchisee also may not sell any products or services at any other location or through any other channel of distribution other than at, and through, the Location identified in **Exhibit A**. Franchisee shall not offer Yoga Joint products or services on the Internet, via digital streaming, "on demand," mobile applications, videos or through other electronic or virtual means, and shall not offer retreats.

1.2 Approved Location, Site Selection Area and Territory

If, at the time this Agreement is executed, a location for Franchisee's Yoga Joint Studio is not identified or obtained by Franchisee and approved by Franchisor, Franchisee shall lease or acquire a location within one hundred eighty (180) days after the date of this Agreement. The location of Franchisee's Yoga Joint Studio shall be within the site selection area (the "Site Selection Area") identified on Exhibit A by a map or written description. Franchisee may operate its Yoga Joint Studio from only one location situated within the Site Selection Area. Franchisee's failure to lease or acquire a location for the Yoga Joint Studio within this period of time shall constitute a material default under this Agreement for which Franchisor may terminate this Agreement without providing Franchisee with any opportunity to cure.

After the Location is identified by Franchisee and approved by Franchisor, so long as Franchisee is not in default under this Agreement and all other related agreements, and except as provided in this Agreement, Franchisor, its affiliates, subsidiaries and designees shall not operate, or license another party to operate, a Yoga Joint studio within the Territory during the term of this Agreement. The Territory will be identified on Exhibit A by a map or written description.

Franchisee acknowledges and understands that the Territory will be different, and in most cases, smaller than, the Site Selection Area.

You authorize us to complete Exhibit A to define the Location and the Territory in the event that a Location and the Territory is not identified at the time this Agreement is executed.

Franchisee acknowledges that this Agreement does not grant Franchisee any marketing exclusivity in the Territory, and that all Yoga Joint Studio businesses may solicit, advertise and offer authorized products and services to any individual or entity, regardless of his, her or its geographic location, including within Franchisee's Territory.

1.3 Rights Reserved By Franchisor

Franchisor (on behalf of itself and its affiliates) retains all rights with respect to the Yoga Joint System, the Proprietary Marks, and the sale of products and services, anywhere in the world, including, without limitation, the right to: (a) own, operate, situate and/or license others to operate Yoga Joint studios at any location outside the Territory, as Franchisor considers appropriate, including within close proximity to the Location or Territory boundaries; (b) offer and sell products and services that are not part of the Yoga Joint System within or outside the Territory under the Proprietary Marks, or any other marks, through any distribution method; (c) offer and sell (either themselves or through franchisees) those products and services which this Agreement contemplates Franchisee will offer and sell, or that are similar to those products and services offered by the Yoga Joint Studio, under marks other than the Proprietary Marks at any location within or outside the Territory; (d) offer, sell and/or otherwise distribute, at wholesale or retail, under the Proprietary Marks, names, and/or other names and marks, any products or services, which now or in the future are a part of the Yoga Joint System, through any alternative channel of distribution within or outside the Territory, including, but not limited to, the Internet, digital streaming, "on demand," mobile applications, other electronic or virtual means, videos, or direct mail marketing; (e) merge with, acquire or otherwise affiliate with, and thereafter own and operate, and franchise or license others to own and operate, any business whatsoever, including businesses that offer products or services the same as or similar to those products and services, which now or in the future are a part of the System, within or outside the Territory; (f) offer and sell yoga retreats and workshops to customers anywhere, including in the Territory, and hold the retreats and workshops anywhere, including in the Territory; (g) license to and/or provide training using the Yoga Joint teacher training program

anywhere, including in the Territory; and/or (h) sell retail products anywhere via on the Internet or on the Yoga Joint mobile app without any compensation to Franchisee. Franchisee understands and acknowledges that this Agreement does not grant Franchisee any rights with respect to such sales conducted through alternative channels of distribution, whether conducted now or in the future, or from sales solicited in the Territory.

1.4 Initial Term

Unless otherwise terminated as provided for in this Agreement, this Agreement shall be effective and binding from the date of its execution by Franchisor for an initial term (the "Initial Term") of ten (10) years.

1.5 Renewal Term

Franchisee shall have the right to renew this Agreement before the expiration of its Initial Term for two (2) additional successive terms of five (5) years each, upon payment of the Renewal Fee for each renewal term, which shall be Twenty-Five Thousand Dollars (\$25,000), and only if all of the conditions hereinafter set forth have been fulfilled:

1. Franchisee has substantially complied with all of the provisions of this Agreement during its initial or renewal term;
2. Franchisee maintains possession of the Location and before the expiration date of this Agreement has brought the Yoga Joint Studio into full compliance with the current specifications and standards then applicable for new or renewing Yoga Joint studios, and presents evidence satisfactory to Franchisor that it has the right to remain in possession of the Location for the duration of any renewal term; or, in the event Franchisee is unable to maintain possession of the Location or, in the judgment of Franchisor, the Yoga Joint Studio should be relocated, Franchisee secures a substitute location approved by Franchisor and has furnished, supplied and equipped such premises to bring the Yoga Joint Studio at its substituted location into full compliance with the then current specifications and standards before the expiration date of this Agreement;
3. Franchisee has given notice of renewal to Franchisor as provided hereinafter;
4. Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliates and has timely met these obligations throughout the term of this Agreement;
5. Franchisee has executed, upon renewal, Franchisor's then-current form of the Franchise Agreement (with appropriate modifications to reflect the fact that the Franchise Agreement relates to the grant of a renewal franchise), which Franchise Agreement shall supersede in all respect this Agreement and the terms of which may differ substantially from the terms of this Agreement including, without limitation, different financial terms and Royalty Fee and Marketing Fund Fee rate;
6. Franchisee has complied with Franchisor's then-current qualifications and training requirements; and
7. Franchisee has executed a full general release, in a form prescribed by Franchisor, of any and all potential claims against Franchisor, its subsidiaries, affiliates and their respective officers, directors, agents, shareholders and employees existing prior to and as of the date of renewal.

If Franchisee desires to renew this Agreement, Franchisee shall give Franchisor written notice of its desire to renew at least six (6) months, but not more than twelve (12) months, prior to the expiration of the Initial Term of this Agreement. Within ninety (90) days after its receipt of such timely notice, Franchisor shall furnish Franchisee with written notice of: (1) reasons which could cause Franchisor not to accept any such renewal notice including, but not limited to, any deficiencies which require correction and a schedule for correction thereof by Franchisee; and (2) Franchisor's then-current requirements relating to the images, appearance, decoration, furnishing, equipping and supplying of Yoga Joint studios and a reschedule for

effecting upgrading or modifications in order to bring the Yoga Joint Studio in compliance therewith, as a condition of renewal. Renewal of the franchise shall be conditioned upon Franchisee's compliance with such requirements and continued compliance with all the terms and conditions of this Agreement up to the date of expiration of the Initial Term or as set forth in writing by Franchisor.

Franchisor shall give Franchisee written notice of its election not to renew the franchise at least six (6) months prior to the expiration of the Initial Term of this Agreement. Such notice may specify the reasons for non-renewal.

2. INITIAL FRANCHISE FEE AND CLOSING FEE

2.1 Initial Franchise Fee

In consideration of the execution of this Agreement by Franchisor, Franchisee shall pay Franchisor an Initial Franchise Fee of Fifty Thousand Dollars (\$50,000). The Initial Franchise Fee shall be deemed to be fully earned by Franchisor upon execution of this Agreement and is not refundable under any circumstances. Franchisee shall make such payment in full upon execution of this Agreement.

3. SITE SELECTION REQUIREMENTS

3.1 Yoga Joint Studio Location

Franchisee shall operate its franchised Yoga Joint Studio only at and from the Location. As used herein, "Location" means that location within the Site Selection Area selected by Franchisee and approved by Franchisor from which Franchisee shall operate its Yoga Joint Studio continuously and without interruption throughout the term of this Agreement. Franchisor may assist Franchisee in its efforts to select a suitable Location within the Site Selection Area for its Yoga Joint Studio, but Franchisee understands and agrees that it will remain the ultimate responsibility of Franchisee to select and choose the Location, regardless of Franchisor's recommendations.

Immediately following Franchisee's selection of a proposed site for the Yoga Joint Studio Location, Franchisee shall deliver to Franchisor all the information Franchisor may request to evaluate the site, as provided in its Manual or otherwise. If Franchisor does not communicate its approval or disapproval of the proposed site for the Yoga Joint Studio Location to Franchisee within fifteen (15) business days following Franchisor's receipt of same, the proposed site for the Yoga Joint Studio Location will be deemed not approved by Franchisor as the Yoga Joint Studio Location hereunder.

3.2 Yoga Joint Studio Location Lease

Immediately following Franchisor's written approval of a proposed Yoga Joint Studio Location, and not more than ninety (90) days after the date of this Agreement, Franchisee shall deliver to Franchisor a copy of any proposed lease for the Yoga Joint Studio Location and any proposed related documents. Any lease, sublease or other rental agreement for the Yoga Joint Studio Location (each, as applicable, a "Lease") will be subject to Franchisor's prior written approval, which Franchisor may not unreasonably withhold or delay. If Franchisor does not communicate its approval or disapproval of the proposed lease or sublease to Franchisee within ten (10) days following Franchisor's receipt of same, the proposed lease or sublease will be deemed not approved by Franchisor as the Lease hereunder. Franchisee must provide Franchisor with a copy of the fully executed Lease and all attachments thereto for the Yoga Joint Studio Location.

A. With regard to any such Lease:

1. Franchisee may not create any obligations on behalf of Franchisor, grant any rights against Franchisor or agree to any other term, condition, or covenant which is inconsistent with any term of this Agreement;

2. Franchisee agrees to duly and timely perform all terms, conditions, covenants and obligations under the Lease; and

3. Except as otherwise provided in this Agreement, Franchisee may not assign, charge, encumber or transfer its Lease, or sublet all or any part of the Yoga Joint Studio Location, without Franchisor's prior written approval.

B. All Leases or other agreements entered into by Franchisee to secure the Yoga Joint Studio Location must contain provisions acceptable to Franchisor and which provide that:

1. After the expiration or termination of this Agreement (the Franchise Agreement) for any reason, Franchisor shall have the option for thirty (30) days to cure any defaults; at Franchisor's election, either to assume the obligations of and replace Franchisee as the lessee under the Lease, or to have another franchisee assume the obligations of and replace Franchisee as the lessee under the Lease; and, if Franchisor has assumed the obligations of and replaced Franchisee as the lessee under the Lease, to reassign the Lease to another franchisee.

2. The lessor or sublessor will furnish to Franchisor written notice specifying any default and the method of curing the default; allow Franchisor thirty (30) days after receipt of the notice to cure the defaults (except that if the default is the non-payment of rent, Franchisor will have only fifteen days from receipt of notice to cure the default); and, allow Franchisor to exercise its option for Franchisor or another franchisee, who is acceptable to the lessor, to succeed to Franchisee's interest in the Lease.

3. The lessor or sublessor will accept Franchisor or another franchisee designated by Franchisor, and who is acceptable to the lessor, as a substitute tenant under the Lease upon notice from Franchisor that it is exercising its option for Franchisor or another franchisee to succeed to Franchisee's interest in the Lease and/or to reassign the Lease to another franchisee following Franchisor's assumption of obligations under the Lease.

4. The lessor or sublessor acknowledges that Franchisee alone is responsible for all debts, payments and performances under the Lease before Franchisor or another franchisee takes actual possession of the premises.

5. The Lease may not be modified or amended without Franchisor's prior written consent. The lessor will promptly provide Franchisor with copies of all proposed modifications or amendments and true and correct copies of the executed modifications and amendments.

6. The lessor or sublessor may, upon the written request of Franchisor, disclose to Franchisor all reports, information or data in the lessor or sublessor's possession (as applicable) with respect to sales made in, upon or from the leased Yoga Joint Studio premises.

7. Following the expiration or termination of this Agreement (the Franchise Agreement) for any reason, Franchisor may enter the premises to remove its Proprietary Marks and other proprietary property or property containing the Proprietary Marks.

C. Franchisee and the lessor or sublessor for the Location must execute the Lease Addendum attached hereto as Exhibit E.

3.3 Government Approvals, Consents and Licenses

It will be Franchisee's sole responsibility to promptly seek and obtain all government and quasi-governmental approvals, consents and licenses required to open and operate the Yoga Joint Studio. Franchisee undertakes to use all possible efforts to obtain all required approvals, consents and licenses. Franchisor makes no representation or warranty of any kind that Franchisee will be able to obtain all required approvals, consents and licenses.

3.4 Relocation of the Franchised Yoga Joint Studio

Franchisee may not relocate its Yoga Joint Studio to another location without first obtaining Franchisor's written approval, which may be withheld for any reason. Any relocation will be at Franchisee's sole expense. All leases, subleases or other agreements that Franchisee enters into to relocate the Yoga Joint Studio must conform to the provisions of this Agreement. At the time Franchisee requests from Franchisor the right to relocate, Franchisee shall pay Franchisor the sum of Five Thousand Dollars (\$5,000) for costs and other expenses Franchisor may incur in its consideration of the request. This payment is not refundable under any circumstances.

3.5 No Guaranty Of Success

Franchisee acknowledges that any advice or assistance by Franchisor regarding site selection, its proposal or suggestion of any location, and/or, its exercise of its rights of inspection or approval, are not meant to be relied on or construed in any way as a representation, express or implied warranty, or any other indicia of the prospective profitability, financial viability or merit of any location. Franchisor makes no representations about the financial or operational performance of the location whatsoever.

4. LEASEHOLD IMPROVEMENTS, FIXTURES, EQUIPMENT AND SIGNS

4.1 Buildout of Yoga Joint Studio, Layout and Specifications

Franchisor may furnish Franchisee with a sample layout for the interior of a typical Yoga Joint Studio and any specifications for furniture, fixtures, equipment and/or decor. Franchisee agrees, at its expense, to employ licensed architects, designers, engineers or others as necessary to complete, adapt, modify or substitute the layout, plans and specifications for the Yoga Joint Studio. Franchisee agrees to submit to Franchisor a complete set of final plans and specifications before commencing construction of the Yoga Joint Studio. Franchisor will review the final plans and specifications promptly and either approve them or provide comments to Franchisee. Franchisee may not begin construction of the Yoga Joint Studio until Franchisor has approved the final plans and specifications in writing.

Before Franchisor approves Franchisee's final plans and specifications, Franchisee's general contractor and architect shall certify to Franchisor that the plans and specifications for the Yoga Joint Studio comply with the Americans with Disabilities Act (the "ADA"), the architectural guidelines under the ADA, and all applicable state and local codes for accessible facilities.

Franchisee agrees, at its expense, to make all leasehold improvements and install all fixtures, furniture and equipment at the Yoga Joint Studio required to comply with Franchisor's current requirements and specifications.

Franchisor may consult with Franchisee, to the extent Franchisor considers necessary, on the construction and equipping of the Yoga Joint Studio, but it will be Franchisee's sole responsibility to diligently construct, equip, ready and open the Yoga Joint Studio.

4.2 Construction, Inspection and Opening

Franchisor shall have the right to approve the licensed general contractor and may designate the architect that Franchisee uses to perform construction work at the Yoga Joint Studio. If Franchisor requests, Franchisee shall immediately furnish the following to Franchisor before commencing construction, remodeling or refurbishing, and from time to time thereafter on request: the names and addresses of any sub-contractor and/or vendor to be involved in these activities; copies of all permits, licenses, contractors' liability insurance certificates or other items required for the construction, equipping and operation of the Yoga Joint Studio; and, copies of all construction contracts and documents, and originals of all lien waivers, as Franchisor may require.

Franchisor will not be responsible for delays in construction, equipping or decoration or for any loss resulting from the Yoga Joint Studio design or construction, including but not limited to the actions or inactions

of any approved, required or recommended general contractor and/or architecture firm. Franchisee shall obtain Franchisor's written approval for all changes to the Yoga Joint Studio plans furnished by Franchisee before construction or implementing the changes. Franchisor will have access to the Yoga Joint Studio Location while construction is in progress. Franchisor may require any reasonable alterations or modifications of the construction of the Yoga Joint Studio it considers necessary. If Franchisee fails to promptly begin the design, construction, equipping and opening of the Yoga Joint Studio with due diligence, this will be grounds for the termination of this Agreement.

Upon completion of construction and before the commencement of operations of the franchised Yoga Joint Studio, Franchisee shall cause its general contractor to provide Franchisor with a certificate stating that the as-built plans for the Yoga Joint Studio comply with the ADA; the architectural guidelines under the ADA; all applicable state and local codes for accessible facilities; and, all other federal, state and local laws, rules or regulations applicable to the Yoga Joint Studio.

Franchisor will have the right, but not the obligation, to conduct a final inspection of the completed Yoga Joint Studio. Franchisor may require any corrections and modifications it considers necessary to bring the Yoga Joint Studio into compliance with the plans and specifications approved by Franchisor. The Yoga Joint Studio will not be allowed to open if it does not conform to the approved plans and specifications, including changes approved by Franchisor. If Franchisee does not promptly correct any unauthorized variance from the approved plans and specifications, this non-compliance will be grounds for termination of this Agreement.

4.3 Furniture, Fixtures, and Equipment

The specifications for typical furniture, fixtures, and equipment which Franchisor may furnish to Franchisee do not limit Franchisee's obligation to purchase all required furniture, fixtures and equipment for the Yoga Joint Studio at its expense.

4.4 Indemnification of Franchisor

Franchisee will be solely responsible for the acts, errors or omissions of itself, its general contractor, its architects, designers, engineers and others regarding compliance with this Article. Franchisor will have no responsibility or liability for the acts, errors or omissions of Franchisee, its general contractors, architects, designers, or engineers. Franchisor will not be liable for any loss or damage arising from the construction, design or plan of the Yoga Joint Studio, whether because of its approval of plans and specifications or for any other reason. Franchisee agrees to indemnify Franchisor for any loss, cost or expense, including attorneys' and experts' fees, which Franchisor sustains because of the acts, errors or omissions of Franchisee, its contractors, architects, designers, or engineers arising out of or related to the design, construction or outfitting of the Yoga Joint Studio, whether or not approved by Franchisor. This provision shall survive the termination or expiration of this Agreement.

4.5 Signs

All exterior and interior signs used in connection with the franchised Yoga Joint Studio (including those related to pre-opening) must conform to Franchisor's sign criteria as to type, color, size, design and location. All signs must be approved in writing by Franchisor before installation or display and Franchisor may require Franchisee to purchase such signs from a designated or approved vendor.

5. DUTIES OF FRANCHISOR

5.1 Confidential Operating Manual

During the term of this Agreement, Franchisor shall loan Franchisee one (1) copy of, or provide Franchisee with access to, its confidential operating manual and business policies (collectively, the "Manual") through Franchisor's extranet website or such other technology which may then be in existence, e-mails, and other hand-outs. At Franchisor's option, the Manual may be provided by the Internet. The Manual contains Franchisor's mandatory and suggested specifications, standards, operating procedures and rules prescribed from time to time by Franchisor for Yoga Joint studio businesses. Franchisee agrees to operate its Yoga Joint

Studio in compliance with the operational systems prescribed from time to time in the Manual. Franchisor shall have the right to add to, modify or revise the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor for Yoga Joint studio businesses. All additions to, deletions from or revisions of the Manual, will be deemed a part of the Manual, and will become binding on Franchisee as if originally set forth in the Manual, upon being delivered to Franchisee. Franchisee agrees to immediately adopt and use the products, services, programs, materials, standards, specifications, policies, methods, procedures and techniques set forth in modifications or supplements to the Manual. The purpose of the Manual is to protect the Proprietary Marks and the Yoga Joint System and is not for the purpose of preserving the right or actually exercising control over those duties and responsibilities reserved to you.

The Manual shall at all times remain the sole property of Franchisor and shall promptly be returned upon expiration or termination of this Agreement. Franchisee agrees that it, its agents, independent contractors, and employees will treat the Manual and the information contained in it as confidential; maintain this information as secret and confidential; at no time copy, share, print, disclose, duplicate, record or otherwise reproduce the Manual or supplements to the Manual, in whole or in part; and, not otherwise make the Manual, supplements to the Manual or information in them available to any unauthorized person. Franchisee shall have its instructors, Manager and other employees sign, at the time of employment, a Confidentiality Agreement in a form substantially the same as the agreement attached to this Agreement as **Exhibit C**.

Franchisee agrees to ensure at all times that its copy of the Manual is current and up-to-date and shall promptly review all updates thereto. If there is any dispute as to Franchisee's compliance with the provisions of the Manual and any supplements to the Manual, the master copy of the Manual maintained by Franchisor (including its additions, deletions, or revisions) shall control.

5.2 Initial Training Program

Franchisor shall make an Initial Training Program available to Franchisee (or if Franchisee is an entity, the Operating Partner), Franchisee's manager and other staff. If Franchisee is an individual, Franchisee must attend. If Franchisee is an entity, its designated Operating Partner must attend. In addition, Franchisee's designated manager who will manage the day-to-day business affairs of the Yoga Joint Studio must attend. The Initial Training Program will consist of four (4) parts and will be conducted at such place as Franchisor designates in its sole discretion, which may include a Yoga Joint studio, Franchisor's offices, as well as at Franchisee's Yoga Joint Studio.

The first part of the Initial Training Program, the Franchisee Initial Training, shall be successfully completed by Franchisee (or, if Franchisee is an entity, then the Operating Partner). The Franchisee Initial Training must be completed within thirty (30) days of the date of the Franchise Agreement, will be approximately four (4) days in duration, and will take place at Franchisor's offices or at a Yoga Joint studio in South Florida. Franchisee shall be solely responsible for all expenses and costs incurred, including, without limitation, wages, travel, lodging, and subsistence expenses of those persons attending the Franchisee Initial Training. Franchisor may also, in its discretion, provide some parts of the Franchisee Initial Training online. The second part of the Initial Training Program, the Pre-Sales Training, will take place at Franchisee's Yoga Joint Studio at least two (2) months, but not more than four (4) months, prior to the scheduled opening of the Yoga Joint Studio. Franchisee (or, if Franchisee is an entity, then the Operating Partner) and the manager must attend the Pre-Sales Training, which will be approximately five (5) days. The third part of the Initial Training Program, the Launch Training, will take place at the Yoga Joint Studio approximately one (1) week before the scheduled opening and will be approximately six (6) to ten (10) days. The duration of the Launch Training will depend on the Franchisee's and its manager's experience. The fourth part of the Initial Training Program is the Instructor Certification Training. Franchisee's head instructor must attend this training, as well as all instructors engaged by Franchisee at the time of such training. The Instructor Certification Training will take place at the Yoga Joint Studio approximately two (2) weeks before the scheduled opening and will be approximately two (2) weeks in duration. Franchisor may determine the length or portion of the Initial Training Program that Franchisee (or its Operating Partner) and its designated manager are required to attend based on such individuals' experience and role in the day-to-day operation of the Yoga Joint Studio. Franchisee acknowledges that it is of paramount importance that Franchisee and its employees or representatives understand the Yoga Joint System and, therefore, failure to complete Franchisor's Initial Training Program, and any other required training, to the satisfaction of Franchisor, shall be grounds for Franchisor to elect to terminate this Agreement under Article 16. The actual cost for the Initial Training Program will be included in

the Initial Franchise Fee. Franchisee must pay all expenses incurred by its trainees and itself in connection with training, including, but not limited to, employee salaries, transportation costs, meals, lodging and other living expenses. Franchisor will determine and notify Franchisee of the dates of all parts of the Initial Training Program, which will depend on Franchisor's availability and schedule.

If Franchisor reasonably concludes that either Franchisee (or its Operating Partner) and/or its designated manager have failed to attend or successfully complete Franchisor's Initial Franchisee Training, then that person may re-enroll in Franchisor's next scheduled Initial Franchisee Training at an additional charge of Five Hundred Dollars (\$500) per person. Franchisee will also be responsible for all expenses incurred, including travel, transportation, meals, lodging and other living expenses.

Franchisor reserves the right to determine the duration and subject matter of its training programs and the right to train any number of individuals from any number of franchised or non-franchised Yoga Joint studios at the same time or conduct training online.

Franchisee must, at its expense, comply with all of the training requirements Franchisor prescribes for the Yoga Joint Studio. Franchisee is responsible for training all replacement managers, the front desk employees and all other employees using all required training materials and/or online content provided by Franchisor. Franchisee must send replacement Operating Partners to the next scheduled Initial Franchisee Training for a fee of \$500 per person, plus Franchisee will be responsible for the trainees' travel, transportation, meals, lodging and other living expenses.

Franchisee shall not allow any persons other than its owners, designated Manager, instructors and Yoga Joint Studio employees to view any part of the Initial Training Program or other training programs, classes or courses offered by Franchisor online or remotely, which are confidential. Franchisee must advise Franchisor of all of its trainees. Should Franchisor learn that Franchisee permitted any unauthorized person to view any part of the Initial Training Program or other training programs, classes or courses offered by Franchisor online or remotely, Franchisor shall have the right to immediately terminate this Agreement upon written notice to Franchisee.

5.3 Instructor Training

Prior to teaching at the Yoga Joint Studio, all of Franchisee's instructors must be certified in Franchisor's Yoga Joint training for the following modalities: Flow and Fiit. After Franchisor provides the initial Instructor Certification Training that is part of the Initial Training Program, Franchisor will charge Franchisee its then-current fee for new teacher certification training, which will not exceed \$1,500 per instructor. All new teacher certification training will take place in person at a Yoga Joint studio determined by Franchisor. Franchisee shall be responsible for all travel, transportation, meals, lodging and other living expenses of such trainees.

At Franchisee's cost, all of Franchisee's instructors must keep their Yoga Joint training certification with Franchisor up to date and attend all required ongoing certification training. Franchisor will charge its then-current annual Yoga Joint training certification fees for Franchisee's instructors or will charge its then-current fee to train and certify a trainer to train Franchisee's instructors. If Franchisee elects to have a trainer certified by Franchisor to certify Franchisee's instructors in the Yoga Joint training, Franchisor will charge its then-current fee, not to exceed \$3,000 per person. Trainer certification training will take place at a Yoga Joint studio determined by Franchisor and/or at Franchisor's offices. Franchisee shall be responsible for all travel, transportation, meals, lodging and other living expenses of such trainees. If Franchisee does not have a trainer certified by Franchisor to train, Franchisor will charge Franchisee its then-current annual fee of no more than \$499 per year for up to twelve (12) instructors for one year of ongoing training and Yoga Joint training certification. Such fee commences twelve (12) months from the opening date of the Yoga Joint Studio and is due on an annual basis thereafter. Franchisor may change such fee to a monthly or quarterly charge and may charge up to \$100 for each instructor beyond the 12 included in the annual fee.

5.4 On-Site Training

In connection with the opening of the Yoga Joint Studio, Franchisor will provide Franchisee with on-site opening assistance for approximately five (5) to seven (7) weeks ("On-Site Launch Training"). The duration and timing of such On-Site Launch Training will be determined by the Franchisor based on Franchisee's operating experience and abilities, in Franchisor's sole judgment. Franchisor will not charge any fees in connection with the On-Site Launch Training. Franchisee must pay all expenses incurred by Franchisor in connection with the On-Site Launch Training, including, but not limited to, travel, transportation, meals and lodging expenses. Payment is due within ten (10) days of Franchisee's receipt of an invoice from Franchisor.

Franchisor will not be obligated to provide any additional on-site training or assistance during the term of this Agreement, but if it elects to do so at Franchisee's request, or if Franchisee is operating below Franchisor's standards and Franchisor requires Franchisee to have additional training, Franchisor will charge its then-current fee, which will not exceed \$1,000 for each day of on-site training or assistance it agrees to provide. In addition to the fee imposed by Franchisor, Franchisee shall also pay all expenses incurred by Franchisor in connection with the on-site training, including, but not limited to, employee salaries, transportation costs, meals, lodging and other living expenses.

In addition, if Franchisee requests that Franchisor send one of its operations team members or instructors to the Yoga Joint Studio to cover as a studio manager or instructor on a temporary basis, and Franchisor in its sole discretion agrees, Franchisor will charge its then-current fee, which will not exceed \$1,000 for each day of on-site studio manager or instructor assistance Franchisor agrees to provide. In addition to the fee imposed by Franchisor, Franchisee shall also pay all expenses incurred by Franchisor in connection with the on-site studio manager or instructor assistance, including, but not limited to, employee salaries, transportation costs, meals, lodging and other living expenses.

5.5 Conferences

Franchisee must attend, at Franchisee's expense, any conferences held by Franchisor at a location designated by Franchisor. Franchisee understands and agrees that Franchisee's attendance at any such conferences is mandatory, and that Franchisor will charge Franchisee its then-current attendance fee, which will not exceed \$1,000 per person. In addition to this fee, Franchisee is solely responsible for all expenses and costs incurred to attend such conferences, including, without limitation, wages, travel, lodging, and subsistence expenses of those persons attending the conferences. In the event Franchisee fails to attend the any required conferences, unless excused by Franchisor in writing, Franchisee agrees to pay Franchisor, upon demand, the then-current fee charged by Franchisor for Franchisee's failure to attend. This provision shall not be construed to require Franchisor to hold, provide, sponsor, host, or organize any such conference.

5.6 Operating Assistance

Franchisor will furnish to Franchisee such assistance in connection with the operation of the Yoga Joint Studio as is from time to time deemed appropriate by Franchisor in its sole discretion. This assistance may, but is not required to be provided by Franchisor in person, by telephone, e-mail, the Internet, or through any other means it deems appropriate. There is no particular type of assistance that is required to be provided by us at any time or on an ongoing basis.

Franchisee understands and agrees that all advice and guidance provided by Franchisor is only supportive of the operation of the Yoga Joint Studio and that the overall success of the Yoga Joint Studio is primarily dependent upon Franchisee's business abilities and efforts.

5.7 Yoga Retreats, Workshops and Commissions

Franchisor or its affiliate may sponsor Yoga Joint retreats and workshops. Any commissions Franchisor may agree upon will be set forth in the Manual or elsewhere in writing and are subject to change. Franchisee agrees to actively promote Yoga Joint retreats and workshops at its Yoga Joint Studio. Franchisee may, with only the prior written consent of Franchisor, which Franchisor may withhold in its sole discretion, sponsor and organize Yoga Joint retreats and/or workshops. Any such Yoga Joint retreats and workshops

that are sponsored, organized and held by Franchisee must be organized, held, marketed and offered in accordance with Franchisor's policies and procedures. Failure to do so will constitute a material breach of this Agreement.

6. DUTIES OF FRANCHISEE

6.1 Commencement of Operations

A. Franchisee shall commence the operation of its Yoga Joint Studio within 365 days of the date of this Agreement and no later than seven (7) days after the receipt of Franchisor's written approval to open as provided below.

B. Before commencing operations, Franchisee agrees to fulfill all the pre-opening obligations called for by this Agreement including (but not limited to) its obligations to:

1. Have its manager, head instructor and Franchisee or Operating Partner attend and satisfactorily complete Franchisor's Initial Training Program;
2. Procure a proposed lease for an acceptable Yoga Joint Studio within ninety (90) days after the date of this Agreement;
3. Sign a lease for an acceptable Yoga Joint Studio Location within one hundred eighty (180) days after the date of this Agreement;
4. Complete construction, remodeling, refurbishing and/or decorating of Franchisee's Yoga Joint Studio, including installing all furniture, fixtures, signs, equipment, furnishings, and telephone and computer systems, and submit to the landlord of the Location the waiver and lien releases issued by general contractor and all sub-contractors, copies of which shall be provided to Franchisor;
5. Obtain all required building, zoning and other permits and licenses for the Yoga Joint Studio, including, but not limited to, the certificate of occupancy;
6. Employ and train all staff;
7. Pay all amounts then due to Franchisor;
8. Provide Franchisor with the evidences of insurance coverage required under this Agreement;
9. Do all other acts necessary to make the Yoga Joint Studio ready to begin operations;
10. Obtain Franchisor's written approval for the commencement of operations of the Yoga Joint Studio; and
11. Comply with all pre-opening procedures required by Franchisor in its Manual or otherwise, including those related to marketing, advertising and promotional activities.

6.2 Manner of Operation

Franchisee agrees that it will operate the Yoga Joint Studio at all times in compliance with the Yoga Joint System, including all standards, procedures and policies Franchisor from time to time establishes in its Manual or otherwise, as though specifically set forth in this Agreement. Franchisee agrees to offer and sell all products, services and programs, and disseminate to the public all promotional and other materials, which are specified by Franchisor and made part of the Yoga Joint System.

Franchisee understands, acknowledges and agrees that it is of utmost importance that Franchisee at all times maintain high quality standards with respect to the classes and instructors, customer service experience, and studio design and functionality at the Yoga Joint Studio.

Franchisee agrees that all class schedules must be pre-approved by Franchisor in writing and follow Franchisor's specifications and formulas, as set forth in the Manual or otherwise.

6.3 Maintenance and Repair; Periodic Renovation

A. At all times during the term of this Agreement, Franchisee agrees that it shall maintain the interior and exterior of its Yoga Joint Studio, and to keep and maintain all equipment, furniture, decorating, signs and appurtenances in or at the Yoga Joint Studio in the highest degree of cleanliness, maintenance, condition and repair. Franchisee may make no material alteration, addition, replacement or improvement in or to the interior or exterior of the Yoga Joint Studio without the prior written consent of Franchisor.

B. Franchisee shall keep and maintain all products, premises and equipment at the Yoga Joint Studio in the highest degree of cleanliness, maintenance, condition and repair.

C. Franchisee agrees to take, without limitation, the following actions during the Term at its expense: (i) thorough cleaning, repainting and redecorating of the interior and exterior of the Yoga Joint Studio at intervals that Franchisor may periodically designate and at its direction; (ii) interior and exterior repair of the Yoga Joint Studio as needed; and (iii) repair or replacement, at Franchisor's direction, of damaged, worn-out or obsolete furniture, fixtures, equipment and signs at intervals that Franchisor may periodically specify (or, if Franchisor does not specify an interval for replacing any item, as that item needs to be repaired or replaced). Upon Franchisor's written request, Franchisee must refurbish the Yoga Joint Studio at Franchisee's expense to conform the decor, trade dress, color schemes, signage, and presentation of the Proprietary Marks to Franchisor's then-current image. Such refurbishing may include, as we deem necessary, remodeling, redecoration, and other modifications to existing improvements and updating or replacing any furniture, fixtures, equipment and signs. Franchisee acknowledges that this obligation could result in Franchisee making extensive structural changes to, and significantly remodeling and renovating, the Yoga Joint Studio, and/or in Franchisee spending substantial amounts for new furniture, fixtures, equipment and signs, and Franchisee agrees to incur, without limitation, any capital expenditures required in order to comply with this obligation and Franchisor's requirements (even if those expenditures cannot be amortized over the remaining Term). Franchisee agrees that it shall renovate, refurbish and update its Yoga Joint Studio in accordance with those standards and specifications then prescribed by Franchisor.

6.4 Modifications to the Yoga Joint System

Franchisee understands and agrees that the Yoga Joint System must not remain static if it is to meet presently unforeseen changes in services, technology, competitive circumstances and customer needs and to best serve the interests of Franchisor, Franchisee, and the Yoga Joint System. Franchisee therefore agrees that Franchisor may from time to time change the components of the Yoga Joint System, including, but not limited to, altering the products, services, programs, methods, standards, forms, policies and procedures of the system; adding to, deleting from or modifying those products, services and programs which Franchisee's Yoga Joint Studio is authorized to offer; adding to, modifying or revising the Manual to reflect these changes. Subject to the other provisions of this Agreement, Franchisee agrees to abide by any of these modifications, changes, additions, deletions and alterations.

6.5 Compliance with Laws, Rules and Regulations

Franchisee agrees to operate the Yoga Joint Studio in strict compliance with all applicable laws, rules and regulations of all governmental authorities; comply with all applicable wage, hour and other laws and regulations of federal, state and local governments; prepare and file all necessary tax returns; and, pay all taxes imposed on Franchisee related to the Yoga Joint Studio. Franchisee agrees that it will be responsible for compliance with all applicable laws, rules and regulations, including, without limitation, the Americans with Disabilities Act.

Franchisee shall obtain all required licenses, permits, certifications, registrations and other required forms of governmental approval for Franchisee to offer and sell the products and services which now or in the future are or become part of the Yoga Joint System; shall maintain such licenses and permits in full force and effect and good standing throughout the term of this Agreement; and, shall post same on the premises of the franchised Yoga Joint Studio as required by law. Franchisee shall forward copies of all notices, warnings or other regulatory agency reports to Franchisor immediately upon receipt thereof. Franchisee shall take prompt and effective action to correct any violation set forth in a notice issued by any governmental or municipal authority concerning such licenses and permits.

Franchisee shall comply with all federal and state information-privacy laws and regulations (including, without limitation, the Gramm-Leach-Bliley Act) that may be applicable to the Yoga Joint Studio and the information that the Yoga Joint Studio collects from its customers and prospective customers. Franchisor may, from time to time, establish policies and practices concerning the handling of confidential financial and other sensitive information of customers and prospective customers. Franchisee shall adopt and implement all such policies and practices as may be set forth in the Manual or otherwise. Notwithstanding the forgoing, however, Franchisee acknowledges and agrees that it is Franchisee's sole responsibility under this Agreement to operate its Yoga Joint Studio in compliance with all applicable state and federal laws and regulations.

Franchisee agrees to comply, and to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, Franchisee certifies, represents, and warrants that none of Franchisee's or its owners' property or interests is subject to being seized or frozen under, and that Franchisee otherwise is not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, PL 107-56, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee, or any seizure or freeze of Franchisee's or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

6.6 Franchisee Participation in Operation of Business; Manager and Head Instructor

Franchisee or, if an entity, its Operating Partner, agrees to personally and directly supervise the operation of the Yoga Joint Studio, unless otherwise permitted in writing by Franchisor. Franchisee agrees to devote the amount of its time, attention and best efforts to the performance of its duties under this Agreement that is necessary for the proper and effective operation of the Yoga Joint Studio and to maintain Franchisor's high quality standards in Yoga Joint classes, service and studios.

If Franchisee is licensed to operate more than one Yoga Joint Studio, it agrees to devote the amount of its time and attention to the performance of its duties under this Agreement that is necessary for the proper and effective operation of the Yoga Joint Studio.

If Franchisee is an entity, it shall designate an Operating Partner. The Operating Partner means the individual who has the authority to, and does, in fact, actively direct Franchisee's business affairs in regard to the Yoga Joint Studio, if Franchisee is an entity. The Operating Partner is responsible for overseeing the general management of the day-to-day operations of the Yoga Joint Studio. The Operating Partner is identified on the Ownership Addendum attached to this Agreement.

Franchisee shall either serve as or designate a manager. The Yoga Joint Studio shall at all times be under the direct, on-site supervision of the manager who has successfully completed Franchisor's Initial Training Program. Franchisee shall also designate a head instructor who has successfully completed Franchisor's Initial Training Program, is certified in Franchisor's Yoga Joint training and is up to date on Franchisor's Yoga Joint training certifications.

Franchisee shall inform Franchisor in writing as to the identity of its manager, head instructor and any successor managers or head instructors. Each manager and head instructor must receive Franchisor's prior written approval. Franchisee's manager will have day-to-day management responsibility for the Yoga Joint

Studio, exercise on-premises supervision, and personally participate in the direct operation of the Yoga Joint Studio.

Upon the death, disability or termination of employment of Franchisee's designated manager or head instructor, Franchisee agrees to immediately notify Franchisor. Franchisee agrees to designate a successor or acting manager or head instructor no later than ten (10) days following the death, disability or termination of the predecessor manager or head instructor. Each successor manager and head instructor must be approved by Franchisor, receive training by Franchisee or attend and successfully complete Franchisor's next available Initial Training Program, at Franchisor's then-current fee, and complete any other reasonable training at the times Franchisor specifies. This training will be at Franchisee's sole expense.

6.7 Staffing Requirements and Qualifications

Franchisee agrees to staff the Yoga Joint Studio in accordance with all criteria, specifications and directions Franchisor sets forth in its Manual or otherwise concerning the selection, qualifications, hiring, training, pre-training and post-training duties of Franchisee's manager, head instructor, and other personnel. Franchisee shall require all employees to maintain a neat and clean appearance and to conform to the standards of dress and/or uniforms specified by the Franchisor from time to time in its Manual or otherwise. Franchisee shall not employ any person who Franchisor reasonably requires to complete a training program (whether to be conducted by Franchisor or Franchisee) but who has failed to do so for any reason whatsoever.

6.8 Opening Equipment, Supplies and Materials for Yoga Joint Studio

Franchisor will designate, in its Manual or otherwise, the opening amount of supplies, software, equipment, materials and services required to be purchased by Franchisee for the operation of the Yoga Joint Studio.

6.9 Requirements Concerning Products and Services

Franchisor requires Franchisee to purchase certain equipment, supplies and other products and services from Franchisor and third party vendors approved or designated by Franchisor, which may include Franchisor's affiliates. Franchisor requires Franchisee to purchase other products, equipment and services by brand name or specification, from vendors of Franchisee's choice. These products, vendors and specifications are identified periodically in the Manual, or in notices from Franchisor, but may be changed or modified from time to time as Franchisor deems necessary.

Franchisor will furnish Franchisee with a list of approved and/or designated manufacturers, suppliers and distributors and approved products, equipment, signs, stationary, supplies and other items or services necessary to operate the Yoga Joint Studio. Franchisee must only use approved products, services, inventory, equipment, signs, advertising materials, trademarked items and novelties, and other items or services (collectively, "approved supplies") in connection with the operation of the Yoga Joint Studio as set forth in the approved supplies and approved suppliers lists, as Franchisor may amend from time to time as Franchisor deems necessary.

Franchisor has the right to change Franchisor's approved and required vendors, distributors and suppliers in Franchisor's sole discretion. Franchisee acknowledges that Franchisee may incur an increased cost to comply with such changes at Franchisee's expense.

Franchisee acknowledges and agrees that certain approved supplies, required products and/or services may only be available from one source, and Franchisor or its affiliates may be that source, and that the cost of such supplies, products and/or services may be higher than the cost of the same or similar supplies, products and/or services that may be purchased elsewhere. Franchisee also acknowledges that Franchisor and/or its affiliates will make a profit on the sale of such supplies, products and/or services to Franchisee.

Franchisee further acknowledges and agrees that in purchasing or leasing products, supplies, equipment, materials, services or other approved items from Franchisor or suppliers approved or designated by Franchisor, including its affiliates, **FRANCHISOR EXPRESSLY DISCLAIMS ANY AND ALL**

WARRANTIES OR REPRESENTATIONS AS TO THE CONDITION OF SAME, INCLUDING, WITHOUT LIMITATION, EXPRESS OR IMPLIED WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR ANY INTENDED PURPOSE. FRANCHISEE AGREES TO LOOK SOLELY TO THE MANUFACTURER OR SUPPLIER OF SAME IN THE EVENT OF ANY DEFECTS THEREIN. In addition, Franchisor disclaims any liability arising out of or in connection with the services rendered or products furnished by any supplier approved or designated by Franchisor. Franchisor's approval or consent to any services, goods, suppliers, or any other individual, entity or any item shall not create any liability to Franchisor.

Franchisor agrees that it will use its reasonable efforts to fulfill or to cause Franchisor's affiliates to fulfill Franchisee's orders for supplies, products and/or services that Franchisee is required to purchase from Franchisor or its affiliates. However, neither Franchisor nor its affiliates shall be liable to Franchisee in the event that Franchisor or its affiliates are not able to fulfill an order for supplies, products and/or services placed by Franchisee.

The cost of any supplies, products and/or services purchased from Franchisor or its affiliates shall be based on the price then in effect, as set forth and identified from time to time in Franchisor's confidential published price lists, in the Manual, or through other written communications.

Franchisee understands that Franchisor and/or its affiliates may from time to time receive consideration from manufacturers, suppliers, vendors and/or other third parties in respect to sales of products or services to Franchisee or in consideration of services rendered or rights licensed to such persons. Franchisee agrees that Franchisor and/or Franchisor's affiliates shall be entitled to said profits and/or consideration.

Franchisee must notify Franchisor in writing if Franchisee wants to offer for sale through the Yoga Joint Studio any brand of product or any services, or to use in the operation of the Yoga Joint Studio any brand of material, item or supply that is not then approved by Franchisor, or to purchase any product from a supplier that is not then designated by Franchisor as an approved supplier, for Franchisor's review and written approval. If requested by Franchisor, Franchisee must submit samples and any other information as Franchisor may require for testing or to otherwise determine whether the product, material or supplies, or the proposed supplier meets Franchisor's specifications and quality standards. Franchisee will be responsible for all costs associated with such testing. If Franchisor does not communicate to Franchisee its written approval of the proposed supplier or product within sixty (60) days following Franchisor's receipt of all the information and samples Franchisor requests, the proposed supplier or product will be deemed unapproved. The supplier may be required to sign a supplier agreement. Franchisor may revoke approval of a previously approved item, service or supplier at any time and in Franchisor's sole discretion, upon written notice.

6.10 Required Advertising Televisions

Franchisee agrees to install, display, maintain in good condition and repair, and keep on at all times in each studio room at the Yoga Joint Studio, the type and number of televisions that Franchisor requires ("Advertising TVs"). Franchisee acknowledges and agrees that Franchisor will exclusively control all content and media placement on these Advertising TVs. Franchisee shall not remove or add any content onto the Advertising TVs without the Franchisor's prior written consent. Franchisor shall have sole and absolute discretion as to the advertisements and any other content displayed on the Advertising TVs. Franchisor may earn revenues from the advertising displayed on the Advertising TVs. If it does, Franchisor shall be entitled to such revenue. Franchisee shall have no right to any such revenues.

6.11 Sales, Barter and Exchange

Franchisee may not perform, render or offer any products, services or programs, or sell, dispense, give away or provide any products bearing the Proprietary Marks, except by sales by and through the Yoga Joint Studio, without Franchisor's prior written consent. Franchisee may not engage in any barter or exchange transactions.

6.12 Products and Services Sold by Franchisee

Franchisee agrees to offer and sell all products, services and programs which are part of the Yoga Joint System, and all other products, services and programs which Franchisor in the future incorporates into the Yoga Joint System, including, but not limited to, services offered by Franchisor or its affiliates to Franchisee's Yoga Joint Studio customers. Franchisee is prohibited from offering or selling any item, product, service or program which is not a part of the Yoga Joint System or is hereafter deleted from that System. Franchisee shall not offer or sell, or allow its instructors to offer or sell, at the Yoga Joint Studio or to the Yoga Joint Studio customers, any retreats, workshops, training or similar events, or any other products or services, not authorized or sponsored by Franchisor. Franchisee is also prohibited from offering products and services through the Internet, digital streaming, mobile applications, videos, or other electronic or virtual means.

Franchisee may not use the Yoga Joint name or the Proprietary Marks for the benefit of any business other than the franchised Yoga Joint Studio. Franchisee may not conduct (or permit the conducting of) any business other than the business contemplated by this Agreement at or from the Yoga Joint Studio without Franchisor's prior written consent, which Franchisor may withhold for any reason or for no reason.

6.13 Computerized System and E-Mail Address

Prior to the commencement of operations of the Yoga Joint Studio, Franchisee agrees to procure and install at the Yoga Joint Studio, at Franchisee's expense, the required computer systems, point of sale system, and related software, associated computer hardware, other platforms, apps and software, required dedicated telephone and power lines, modem(s) for polling purposes, printer(s), and other related accessories or peripheral equipment, software, programs and systems which Franchisor specifies in its Manual or otherwise. Franchisee agrees to accurately, consistently and completely record all Gross Revenue and sales information of the Yoga Joint Studio in the required point of sale system or other required system, in the form and at the intervals that Franchisor requires (in its Manual or otherwise).

Franchisee agrees to provide any assistance required by Franchisor to bring its computer systems on line with Franchisor's system at Franchisor's headquarters at the earliest possible time. Franchisee expressly affirms and agrees that Franchisor will thereafter have the free and unfettered right to retrieve such data and information from Franchisee's system as Franchisor, in its sole and exclusive judgment, deems necessary, desirable or appropriate, at such intervals as Franchisor determines in its sole and exclusive judgment. Franchisee agrees to accurately, consistently and completely record, structure, capture and provide through the system all information concerning the operation of the Yoga Joint Studio as Franchisor requires, in the form and at the intervals that Franchisor requires (in its Manual or otherwise), including (without limitation) the recordation, at the time of receipt, of all sales of all services and products sold by Franchisee from the Yoga Joint Studio.

If Franchisor designates certain computer software that is owned or licensed by Franchisor (an affiliate or a designee) to be used in the operation of the Yoga Joint Studio ("Proprietary Software"), Franchisee shall, at Franchisor's request, license or sublicense such software from Franchisor or its designee and enter into a software (sub) license agreement on Franchisor's or such designee's then-current form of software (sub) license agreement. Franchisee shall also pay to Franchisor or its designee an initial and/or continuing fee for the use of such Proprietary Software, in an amount determined by Franchisor or Franchisor's designated third-party vendor. Franchisee shall purchase any upgrades, enhancements or replacements to the Proprietary Software as required by Franchisor. Franchisee must incorporate any required modifications or additions upon written notice by Franchisor and within such time period as stated in the notice. Franchisee shall pay the fees charged by Franchisor or its designated vendor for any other software or programs, as stated in the Manual or otherwise.

Franchisee agrees to bear the sole cost of the foregoing items to be installed or purchased and activities to be accomplished by Franchisee, and the delivery, installation and maintenance costs of all hardware and software. Franchisee shall pay any service or maintenance fees charged by Franchisor or its designated vendor in connection with the Proprietary Software or other systems required by Franchisor, as stated in the Manual or otherwise. Franchisor may collect fees from Franchisee on behalf of vendor for Proprietary Software or other systems required by Franchisor.

Franchisee agrees, at its expense, to keep its computer systems, software and hardware in good maintenance and repair. Franchisee further agrees to use, at its expense, only Franchisor's designated vendors, if Franchisor requires, that are specified in the Manual or otherwise to perform any such maintenance and repairs.

Franchisee understands that as technology and/or software is developed in the future, Franchisor may, in its sole discretion, mandate that Franchisee add memory, ports, accessories, peripheral equipment and/or use additional, new or substitute software and hardware. Franchisee further understands that it may become necessary for Franchisee to replace or upgrade the entire point of sale and/or customer relationship management system with a larger or different system specified by Franchisor. Franchisee also understands and agrees that, as designs and functions change periodically, Franchisor may be required to make substantial modifications to its specifications, or to require installation of entirely different systems (during the term of this Agreement or upon renewal thereof). Franchisee agrees to install at its own expense such additions, changes, modifications, substitutions and/or replacements to its hardware, software, telephone lines and power lines and other related facilities as Franchisor directs, on those dates and within those times specified by Franchisor in its sole and exclusive discretion, in its Manual or otherwise. Franchisee shall, at its expense, perform such updates and/or upgrades to its computer systems and software as Franchisor may require, from time to time, as set forth in the Manual or otherwise.

Franchisor will provide Franchisee with, or require Franchisee to use Franchisor's designated vendor to obtain, e-mail addresses for Franchisee's use solely in connection with the operation of the Yoga Joint Studio only, and for no other purpose. Franchisee acknowledges and agrees that it will not own these e-mail addresses or domain name and its rights to use such e-mail addresses will immediately cease upon the expiration or termination of this Agreement. Franchisee agrees to pay Franchisor a setup fee and the then-current annual fee, as set forth in the Manual or otherwise, for each e-mail address Franchisee requests. The annual fee is subject to change.

Franchisee further agrees to use, at its expense, such internet and e-mail services as Franchisor may require in connection with the operation of the Yoga Joint Studio and to use only those vendors designated by Franchisor, as set forth in the Manual or otherwise. Franchisee shall pay the service or maintenance fees charged by Franchisor or its designated vendor for such internet and/or e-mail services, as stated in the Manual or otherwise.

Franchisee shall use only those vendors designated by Franchisor, as set forth in the Manual or otherwise, to perform any maintenance or repairs to Franchisee's computers systems, software or hardware.

6.14 Rebates and Promotions

Franchisee agrees, at its sole cost and expense, to issue and offer such rebates, give-aways and other promotions in accordance with advertising programs established by Franchisor, and further agrees to honor the rebates, give-aways and other promotions issued by other Yoga Joint franchisees under any such program, so long as compliance with any of the foregoing does not contravene any applicable law, rule or regulation. Franchisee will not create or issue any gift cards/certificates and will only sell gift cards/certificates that have been issued or sponsored by Franchisor and which are accepted at all Yoga Joint studios, Franchisee will not issue coupons or discounts of any type except as approved by Franchisor.

6.15 Hours of Operation

Franchisee agrees to continuously operate the Yoga Joint Studio on the days and during the minimum hours that Franchisor may from time to time specify in its Manual or otherwise. Franchisee may establish hours of operation in addition to the required minimum hours.

6.16 Inspection and Operational Audit

Franchisee agrees that Franchisor or any of its authorized agents or representatives may at any time during normal business hours enter the Yoga Joint Studio to conduct an operational audit to determine

compliance with this Agreement and with Franchisor's policies, procedures, programs, standards, specifications and techniques as set forth in its Manual or elsewhere. Franchisor's representatives may examine and inspect the Yoga Joint Studio, the programs and services provided from or at the Yoga Joint Studio and the condition of the Yoga Joint Studio. Franchisor's representatives may examine, inspect and confer with Franchisee's employees and customers.

Following any inspection and operational audit, and subject to the other provisions of this Agreement, Franchisee agrees to incorporate into its Yoga Joint Studio any corrections and modifications Franchisor requires to maintain the standards of quality and uniformity prescribed by Franchisor, as quickly as is reasonably possible or as otherwise required by Franchisor. If Franchisor is required to conduct an inspection of the Yoga Joint Studio due to a customer complaint or to confirm whether a default under this Agreement has been satisfactorily cured or has not reoccurred, Franchisor may require Franchisee to reimburse Franchisor for its costs and expenses incurred in connection with the inspection, including travel, lodging, transportation and meal expenses.

6.17 Corporate and Partnership Franchisee Requirements; Records

A. Franchisee, if a corporation, and any corporate assignee shall comply with the following requirements:

1. Furnish Franchisor with its Articles of Incorporation; Bylaws; other governing documents; list of officers, directors and shareholders (including number and percentage of shares held); and any other documents Franchisor may reasonably request, and any amendments to them.
2. Confine its activities to the operation a Yoga Joint Studio, and its governing documents provide that its activities are confined exclusively to the operation of the franchised Yoga Joint Studio.
3. Maintain stop transfer instructions against the transfer on its records of any equity securities, and must not issue any securities on the face of which the following printed legend does not legibly and conspicuously appear:

"The transfer of this stock is subject to the terms and conditions of a Franchise Agreement with Yoga Joint Franchising, LLC, dated _____. Reference is made to the provisions of this Franchise Agreement and to the Articles and Bylaws of this Corporation. This certificate is not transferable and is not subject to sale, assignment, pledge, mortgage, encumbrance, or transfer, by operation of law or otherwise, without the prior written consent of Yoga Joint Franchising, LLC."
4. Maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Franchisee, and must furnish this list to Franchisor on request.

B. Franchisee, if a partnership or proprietorship, and any partnership or proprietorship assignee shall comply, except as otherwise approved in writing by Franchisor, with the following requirements:

1. Furnish to Franchisor a copy of its partnership agreement and any other documents which Franchisor reasonably requests, and any amendments to them.
2. If Franchisor requests, prepare and furnish to Franchisor a list of all partners and proprietors of Franchisee.

C. Franchisee and any corporate, partnership or proprietorship assignee shall promptly notify Franchisor of any change in any of the information called for in this Section or in any document referred to in this Section.

D. If Franchisee is a corporation, limited liability company, partnership, limited partnership or any other type of legal entity formed in compliance with applicable law, then all owners of Franchisee shall execute a personal guaranty in substantially the same form as attached to this Agreement as **Exhibit D** with Franchisor under which all of the owners of Franchisee agree to be jointly and severally liable for all the obligations to Franchisor under this Agreement, and expressly agree to be bound by all the terms, conditions and covenants of this Agreement. Each present and future owner of Franchisee must agree in writing to personally guarantee the performance of Franchisee's obligations under this Agreement, and to be individually bound by all the terms and conditions of this Franchise Agreement and any other agreements between Franchisee and Franchisor.

E. If Franchisee is a corporation, limited liability company, partnership, limited partnership or any other type of legal entity formed in compliance with applicable law, then Franchisee shall inform Franchisor in writing as to the identity of all of the persons who have an ownership interest in the Franchisee entity in the attached Ownership Addendum and ensure that the information contained therein is true, accurate and complete at all times. Franchisee shall not vary from the ownership interests and/or corporate structure without the prior written approval of Franchisor.

6.18 Continuing Training of Franchisee's Personnel

Franchisor may require from time to time, in its sole discretion, training programs, sessions and/or refresher courses in addition to the Initial Training Program and Instructor Training. At Franchisee's sole cost and expense, Franchisee agrees to attend, or have its Operating Partner attend, and agrees to cause its manager and/or other staff to attend, as Franchisor requires, all mandatory webinars, training sessions, refresher courses, programs and/or other meetings that may be scheduled from time to time by Franchisor, at a location and date chosen by Franchisor in advance. Franchisee's manager and other staff must stay current with all of Franchisor's training requirements, including, but not limited to, continuing education, certifications, and other training/courses. Franchisor may charge Franchisee a training fee for these mandatory training sessions, refresher courses, programs and/or other meetings, in an amount set forth in the Manual or otherwise, but not more than \$1,000 per person for each such session, course, program or meeting. Franchisee shall be responsible for all wages, travel, lodging and living expenses that Franchisee and each such person incur in connection with any training program.

6.19 Compliance Monitoring System

Franchisee is required to purchase and install a compliance monitoring system in accordance with Franchisor's specifications in Franchisee's Yoga Joint Studio. Franchisee is solely responsible for the monitoring, maintenance, and upgrades to this system. Franchisor will have independent access to the compliance monitoring system, but Franchisor's access does not obligate Franchisor to monitor the Yoga Joint Studio for safety or compliance. Franchisor designates the specific type of system Franchisee must install. Franchisee is required to provide Franchisor notice of its installation. Franchisor must have the right to remotely access Franchisee's system at all times. By installing the monitoring system, Franchisee and its employees/independent contractors are waiving their right to privacy, and Franchisee agrees to include a provision in all of Franchisee's employment/independent contractor applications and other applicable documents requiring Franchisee's employees and independent contractors to sign and waive their right to privacy with respect to the use of the compliance monitoring system. Franchisee agrees to indemnify and hold Franchisor harmless from and against any claims related to Franchisee's monitoring system.

6.20 No Statements by Franchisee

Franchisee agrees to make no statements or comments without Franchisor's prior written approval to any media representative or any other third party (except for persons considering purchasing a Yoga Joint studio franchise) relating to the contents of this Agreement, Franchisor or any Affiliate.

6.21 Trade Accounts

Franchisee agrees that it shall maintain its trade accounts in a current status and to seek to promptly resolve any disputes with trade suppliers. This includes, but is not limited to, the annual music licensing fees

due to BMI, ASCAP, SESAC, for which Franchisee is solely responsible. Upon request by Franchisor, Franchisee shall provide proof of payment of such music licensing fees.

6.22 Best Efforts; Cooperation with Franchisor

Franchisee agrees to use its best efforts to develop and expand the market for the products and services offered by its Yoga Joint Studio and to cooperate fully with Franchisor in accomplishing the purposes of this Agreement, including, but not limited to, those procedures and standards set forth in the Manual or otherwise.

6.23 Variance of Standards and Terms

Franchisee acknowledges that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor reserves the right, as it may consider in the best interests of all concerned, to vary standards for any franchisee based on any condition which Franchisor considers important to the successful operation of a franchisee's Yoga Joint studio. Franchisee will have no right to require Franchisor to disclose any variation to Franchisee or to grant Franchisee the same or a similar variation under this Agreement. Franchisee shall have no recourse against Franchisor on account of any variation from standard specifications and practices granted to any franchisee and shall not be entitled to require Franchisor to grant Franchisee a like or similar variation hereunder.

6.24 Testimonials and Endorsements

Franchisee agrees to permit Franchisor or any of its authorized agents or representatives to communicate in any manner with customers of Franchisee's Yoga Joint Studio to procure customer testimonials and endorsements of the products or services furnished by Franchisee, the Yoga Joint Studio System and any related products or services. Franchisee agrees to cooperate with Franchisor in procuring testimonials and endorsements. Franchisee agrees that Franchisor will be free to make whatever use of testimonials and endorsements that Franchisor determines, and that Franchisor will owe Franchisee absolutely no direct or indirect compensation or other duty as a consequence.

6.25 Products, Services, Equipment and Programs Developed by Franchisee

Franchisee irrevocably and permanently licenses to Franchisor for incorporation in the Yoga Joint System and use by Franchisor, its affiliates and (if Franchisor determines) other Yoga Joint franchisees, all of the following if developed by or on behalf of Franchisee in conjunction with or related to the franchised Yoga Joint Studio: products, equipment and programs; related products and services (including, without limitation, any computer software); sales, marketing and promotional programs and campaigns; and any techniques and procedures relating to or regarding the operation of a Yoga Joint studio. Franchisee agrees that Franchisor, its affiliates and franchisees will not be liable to Franchisee in any manner, whether for compensation or otherwise, as a consequence of this license.

6.26 Minimum and Maximum Pricing

Franchisor may, at its sole option, and where legally permitted, from time to time establish minimum and/or maximum prices below or above which Franchisee may not offer and sell products and/or services under this Agreement (and Franchisor shall likewise have the right from time to time to revise or eliminate any such minimum or maximum prices at its sole option). Franchisee agrees to adhere to any such price requirement imposed by Franchisor. Franchisor may, at its sole option, advertise specific products or services as for sale throughout the System at such maximum prices "or less."

In addition, or alternatively, Franchisor may from time to time suggest prices for products or services offered and sold by Franchisee at the Yoga Joint Studio. Franchisor and Franchisee agree that any list or schedule of such prices suggested by Franchisor will be recommendations only and shall not be mandatory on Franchisee unless Franchisor expressly labels any or all of such prices as a minimum or maximum price (as provided above). Franchisee understands and agrees that Franchisor's suggested or minimum or maximum prices, fees, discounts, markups or margins may or may not increase or optimize the revenues or

profitability of the Yoga Joint Studio.

Franchisee agrees to inform Franchisor of all prices charged for products and services sold by Franchisee and promptly inform Franchisor of any new prices it establishes.

Franchisee may not perform, render or offer any products, services or programs, or sell, dispense, give away or provide any products bearing the Proprietary Marks, except by sales by and through the Yoga Joint Studio, without Franchisor's prior written consent. Franchisee may not engage in any barter or exchange transactions.

7. INSURANCE

7.1 Required Insurance Coverage

A. Franchisor imposes and prescribes minimum standards and limits for certain types of required insurance coverage in its Manual or by other written notice to Franchisee. Franchisee agrees that Franchisor may modify the required minimum limits of insurance coverage from time to time by written notice to Franchisee. Upon delivery or attempted delivery of this written notice, Franchisee agrees to immediately purchase insurance conforming to the newly established standards and limits prescribed by Franchisor.

B. Franchisee agrees to purchase at its expense, and maintain in effect at all times during the term of this Agreement, the following categories of insurance coverage in forms and through insurance companies approved by Franchisor:

1. Comprehensive general liability coverage, including bodily injury, property damage, advertising injury and personal injury of at least \$1,000,000 each occurrence/\$2,000,000 aggregate.
2. For Franchisee's employees, workers' compensation insurance (in statutory amounts), unemployment insurance and state disability insurance (as required by governing law).
3. Special form property insurance coverage, including fire and extended coverage, vandalism and malicious mischief insurance for one hundred percent (100%) of the replacement value of the Yoga Joint Studio and its contents.
4. Employment practices liability insurance of at least \$250,000 annual aggregate with a \$25,000 maximum deductible.
5. If any vehicle is operated in connection with the conduct of the Yoga Joint Studio, automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with minimum limits of liability in the greater of (i) the amount required by all applicable state and federal laws, or (ii) a combined single limit of \$1,000,000 for bodily injury and property damage.
6. Business interruption insurance of not less than seventy-five percent (75%) of the Yoga Joint Studio's annual revenue.
7. All other insurance coverage required by federal, state, local or other political subdivision law, rule or regulation applicable to the Yoga Joint Studio.

C. The insurance coverage acquired and maintained by Franchisee at its own expense and in accordance with this Section shall name Franchisor as an Additional Insured and provide that the coverage afforded applies separately to each insured against whom claim is brought as though a separate policy had been issued to each insured, include a waiver of subrogation in Franchisor's favor, and provide that the coverage shall be primary and non-contributory with, and not excess coverage to, any insurance carried by

Franchisor. Each insurance policy that Franchisor requires under this Agreement must also contain a provision that the policy cannot be canceled without fifteen (15) days prior written notice to Franchisor.

Franchisee agrees not to reduce the policy limits, restrict coverage, cancel or otherwise alter or amend these insurance policies without Franchisor's written consent.

7.2 No Undertaking or Representation

Nothing contained in this Agreement may be considered an undertaking or representation by Franchisor that the insurance that Franchisee is required to obtain will insure Franchisee against any or all insurable risks of loss which may arise out of or in connection with the operation of the Yoga Joint Studio.

7.3 Certificates of Insurance

Franchisee agrees to promptly provide Franchisor with Certificates of Insurance evidencing the required coverage no later than ten (10) days before the date that the Yoga Joint Studio will commence operations. Franchisee agrees to deliver a complete copy of Franchisee's policies of insurance to Franchisor within thirty (30) days following delivery of the Certificates of Insurance. Franchisee agrees to renew all insurance policies and documents, and on renewal, to furnish a renewal Certificate of Insurance to Franchisor before the expiration date of the policy in question. Franchisor may at any time require Franchisee to forward to Franchisor full copies of all insurance policies.

7.4 Notice of Claims and Demands

Franchisee agrees to notify Franchisor of all claims or demands against Franchisee, the Yoga Joint Studio, or Franchisor within three (3) days of Franchisee's receiving notice of any claim or demand. Franchisee further agrees to respond to all claims within the time required by law, rule or regulation. In addition, Franchisee agrees to cooperate with Franchisor (or its designee) in every way possible to defend Franchisor and Franchisee against all claims made by employees, customers or third parties. Franchisee agrees, when necessary, to make appearances at administrative or other hearings to present or reinforce these defenses.

8. ADVERTISING

8.1 Advertising Standards

Franchisee may only use advertising, marketing, identification and promotional materials and programs which Franchisor has either furnished or approved in writing in advance. In the event that Franchisor does not furnish Franchisee with advertising, identification and promotional materials and programs for the Yoga Joint Studio, Franchisee must obtain Franchisor's prior written approval of all proposed advertising, marketing, identification and promotional materials or programs before any such materials are used or disseminated, following the required procedures set forth by Franchisor in its Manual or otherwise. Franchisor's approval of any materials may be withheld for any or no reason. Neither the fact that Franchisor furnishes the material, approves of the material, nor the material itself, will directly or indirectly require Franchisor to pay for any advertising, identification or promotion. Franchisee agrees to use Franchisor's designated vendor for the purchase of advertising materials, as required by Franchisor in the Manual or otherwise.

Franchisee agrees to conduct all advertising which uses the Proprietary Marks or refers in any way to the Yoga Joint Studio in a dignified manner. Franchisee agrees to use only advertising that is in strict accordance with the standards, specifications and requirements specified in writing by Franchisor, in its Manual, or otherwise.

Except for advertising, identification and/or promotional materials furnished to Franchisee by Franchisor, Franchisee agrees to submit to Franchisor for approval, before use or dissemination, copies of all proposed local advertising and direct mail materials and all proposed identification and promotional materials or programs, following the required procedures for such submissions set forth by Franchisor in its Manual or otherwise. Franchisor's approval of any materials may be withheld for any or no reason. If Franchisor does not

respond within fifteen (15) days following its documented receipt of Franchisee's proposed advertising material, this will constitute disapproval.

If Franchisor becomes aware of any breach by Franchisee of this Section 8.1, Franchisor will notify Franchisee in writing of the facts which Franchisor believes have given rise to the breach. Franchisee acknowledges and agrees that if Franchisee does not cure the breach within three (3) calendar days after Franchisee's receipt of this notice, then Franchisor may terminate or remove any unauthorized advertising or promotion at Franchisee's expense, may direct third parties to cease displaying, publishing, disseminating and/or printing such unauthorized advertisements or promotions, and will also be entitled to terminate this Agreement unilaterally and immediately upon notice to Franchisee.

Franchisee must participate in all marketing, email, and other programs and promotions as may be developed by Franchisor, including the collection of Customer Data and participation in using and promoting any applications as Franchisor may develop and as directed in the Manual or otherwise.

8.2 Internet Advertising

Franchisee shall not, without obtaining Franchisor's prior written consent: (a) operate—or advertise, market, or otherwise promote—the Yoga Joint Studio, or use or display the Proprietary Marks, on any electronic medium (including any Internet web-page, social network or social media site, review site, etc., e-mail address, website, domain name, bulletin board, newsgroup or other Internet-related medium or activity) or (b) register any domain name containing the word “Yoga Joint,” or other Proprietary Marks, or any variation thereof, or establish, operate, or participate in a website on which such words appear. With respect to any aspect of the Yoga Joint System or the Yoga Joint Studio (including the use of the Proprietary Marks), Franchisor retains the sole right to advertise on the Internet, create or operate a website or sites, and use “Yoga Joint” as part of any domain name. Franchisor or its affiliate or licensor of the Proprietary Marks exclusively owns all rights in such domain names and such other domain names as Franchisor designates in the Manual. If Franchisor consents to any Internet or other electronic medium advertising, then Franchisee may only advertise, market and promote the Yoga Joint Studio and use or display the Proprietary Marks in the manner and under the standards and procedures set forth by Franchisor in the Manual or as stated elsewhere in writing. In addition, if Franchisor consents to Franchisee's establishment of a social media account on any social media site (including, TikTok, YouTube, Twitter, Instagram, Facebook, Blogger, LinkedIn, Flickr, Wikipedia, Yelp or other communication or social media platforms) to advertise and promote the Yoga Joint Studio, then Franchisee shall operate and maintain the account and site in accordance with Franchisor standards and procedures as set forth in the Manual or as stated elsewhere in writing. Franchisee shall add Franchisor as an account administrator with full and unlimited access to control the content displayed, published or posted on such sites and, upon request, shall provide Franchisor with Franchisee's current account IDs, user names and passwords. Franchisee understands and agrees that upon expiration or termination of this Agreement, Franchisor shall have the absolute and unconditional right, in its sole discretion, to permanently close, delete, take exclusive control over, or transfer any social media accounts that Franchisee established to market, advertise and promote the former franchised Yoga Joint Studio.

Franchisee shall not, without Franchisor's prior written approval, use, participate in or offer any classes or other services and related products on any third party fitness platforms including, but not limited to, ClassPass, Gym Pass, Jet Sweat, NetGyms, Slack, FitGrid, Groupon, etc).

8.3 Grand Opening Advertising; Local Marketing, Advertising and Promotion

Beginning three (3) months before the commencement of the operation of the Yoga Joint Studio, and continuing for one (1) week thereafter, Franchisee agrees to expend at least Sixty Thousand Dollars (\$60,000) for the grand opening advertising and promotion of the Yoga Joint Studio (the “Grand Opening Advertising”). Franchisee agrees to make these Grand Opening Advertising expenditures using the advertising and promotional material, media, special events and other public relations activities that Franchisor requires or approves, in its Manual or otherwise.

During the first twenty-four (24) months of operations, Franchisee shall spend at least Two Thousand Five Hundred Dollars (\$2,500) per month on digital advertising, geo targeting, direct marketing, and any other

marketing directed in Franchisee's Territory that Franchisor may recommend or require or that Franchisor approves in writing in advance, using advertising and marketing materials prepared or pre-approved by Franchisor (the "Local Marketing Expenditure"). Franchisor recommends, however, that Franchisee spend at least \$5,000 per month on local marketing during its first twenty four (24) months of operations. Commencing the twenty-fifth (25th) month of operations and thereafter for the remaining term, there is no minimum Local Marketing Expenditure, but Franchisor recommends a Local Marketing Expenditure of at least Two Thousand Five Hundred Dollars (\$2,500) per month. Such local marketing, advertising and promotion must follow Franchisor's guidelines and be conducted through an agency approved by Franchisor and/or by Franchisor, if Franchisor offers such services. If requested by Franchisor, Franchisee shall submit to Franchisor, in the manner and at times as may be designated by Franchisor, a monthly report detailing Franchisee's local marketing, advertising and promotion expenditures Franchisee made the prior month.

8.4 Local Listing Internet Search Engine

Franchisee agrees to install the number and type of telephone lines and the type of answering or voicemail system (if any) required by Franchisor in its Manual or otherwise. Franchisee further agrees to list its Yoga Joint Studio on local internet search engines and/or in the manner designated, prescribed or required by Franchisor in its Manual or otherwise.

8.5 Administration of the Marketing Fund

Franchisor may in the future, and in its discretion, establish and administer a marketing fund (the "Marketing Fund") for the marketing (including advertising, promotion, public relations and other marketing tools) of the Yoga Joint name, brand and Yoga Joint System, as Franchisor may deem necessary or appropriate. If Franchisor establishes a Marketing Fund, Franchisor, or its designee, will administer the Marketing Fund as Franchisor deems appropriate as follows:

A. If the Marketing Fund is established, Franchisor will direct all advertising programs with sole control over the strategic direction, creative concepts, materials and media used in the programs, and the geographic, market and media placement and allocation of advertising. Franchisee acknowledges that the Marketing Fund is intended to further general public recognition and acceptance of the Proprietary Marks for the benefit of the System. Franchisee further acknowledges that Franchisor and its designees undertake no obligation in administering the Marketing Fund to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contributions, to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising or to ensure that any advertising or marketing impacts or penetrates Franchisee's Yoga Joint Studio or surrounding area. The Marketing Fund is not a trust and Franchisor is not a fiduciary with respect to the Marketing Fund.

B. If established, the Marketing Fund may be used to meet any and all costs of administering, directing, preparing, placing and paying for national, regional or localized advertising (including, without limitation, the cost of preparing and conducting television, radio, magazine, newspaper or other advertising campaigns and other public relations activities) and employing advertising agencies to assist in these activities; paying interest on monies borrowed by the Marketing Fund from third parties unaffiliated with Franchisor; providing customer service comment cards to Yoga Joint franchisees; and, sponsorship of sporting, charitable or other special promotional events. Franchisor need not maintain the sums paid by franchisees to the Marketing Fund or income earned from the Marketing Fund in a separate account from the other funds of Franchisor, but Franchisor may not use these amounts for any purposes other than those provided for in this Agreement. Franchisor may, however, expend the Marketing Fund for any reasonable administrative costs and overhead that Franchisor may incur in activities reasonably related to the administration or direction of the Marketing Fund and advertising programs for franchisees including, without limitation, conducting market research; preparing marketing, advertising and promotional materials; working with advertising agencies, advertising placement services and creative talent; and, collecting and accounting for assessments for the Marketing Fund. The Marketing Fund may be used for advertising agency fees to secure the services of an advertising agency or to have print or broadcast advertising placed by an agency. Franchisor will have no obligation to prepare or distribute to Franchisee any audited (or unaudited) statements detailing Marketing Fund income and expenses. If Franchisee sends Franchisor a written request, Franchisor will provide Franchisee with an accounting of how the Fund contributions were spent during Franchisor's last fiscal year.

within a reasonable time after Franchisor receives Franchisee's request, but never earlier than forty-five (45) days from when such information is made available.

C. Franchisor expects to expend most contributions to the Marketing Fund for marketing, advertising and promotional purposes during the fiscal year when the contributions are made. If Franchisor expends less than the total sum available in the Marketing Fund during any fiscal year, Franchisor may either expend the unused sum during the following fiscal year or roll it over to be used at the appropriate time as determined by Franchisor. If Franchisor expends an amount greater than the amount available in the Marketing Fund in any fiscal year (not including any sum required to be expended because Franchisor did not expend all the sums in the Marketing Fund during the preceding year), Franchisor will be entitled to reimburse itself from the Marketing Fund during the next fiscal year for all excess expenditures made during the preceding fiscal year.

D. Although the Marketing Fund is intended to be of perpetual duration, if Franchisor establishes one, Franchisor maintains the right to terminate the Marketing Fund at any time. Franchisor will not terminate the Marketing Fund, however, until it has expended all money in the Marketing Fund for marketing, advertising and promotional purposes.

8.6 Regional/Local Advertising Cooperative

A. Franchisor shall have the right at any time, and from time to time, to create Co-op Advertising Regions ("Cooperative"). If and when Franchisor creates a Cooperative for the geographic region in which the Yoga Joint Studio is located, Franchisee will be required to become a member thereof, and participate therein. The size and content of such regions, when and if established by Franchisor, shall be binding upon Franchisee and all other franchisees similarly situated. At all meetings of such Cooperative, each participating franchisee shall be entitled to one (1) vote. Each Cooperative shall be organized and governed in a form and manner designated by Franchisor, and shall commence operations on a date granted permission in advance by Franchisor, in writing.

B. In addition to other requirements:

1) Each Cooperative shall be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Franchisor's approval, standardized promotional materials for use by the members in local advertising.

2) No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without the prior written consent of Franchisor.

C. Based on the decision of a majority of the votes represented by all of the members of the Cooperative, each member can be required to contribute to the Cooperative, up to, but not greater than, one and a half percent (1.5%) percent of the monthly Gross Revenue of such member's Yoga Joint studio(s). Such amount shall be in addition to the amount Franchisee must contribute to the Marketing Fund pursuant to Section 9.2, but shall be credited against the Local Marketing requirements, if any, described in Section 8.3. In the event of authorization of such Cooperative advertising contributions, each franchisee, including Franchisee, shall submit its required contribution to the Cooperative as required, together with such statements as may be required by the Cooperative.

9. PAYMENTS TO FRANCHISOR

9.1 Royalty Fees

In consideration of Franchisor's grant to Franchisee of a license to use the Proprietary Marks and the Yoga Joint System, Franchisee agrees to pay to Franchisor a monthly Royalty Fee equal to eight percent (8%) of Franchisee's prior month's Gross Revenue, as defined herein.

9.2 Marketing Fund Fee

If the Marketing Fund is established by Franchisor, Franchisee agrees to pay to Franchisor a monthly

Marketing Fund Fee of not more than two percent (2%) of Franchisee's prior month's Gross Revenue (the "Marketing Fund Fee"). Franchisee shall contribute to the Marketing Fund at the same time and in the same manner that it makes payment of the Royalty Fees due under this Agreement.

9.3 Sales Assistance Fee

Franchisee has the option to use Franchisor's centralized call center and sales team services to assist Franchisee in soliciting new members ("Sales Services"). If Franchisee elects to use Franchisor's Sales Services, Franchisee agrees to pay Franchisor a monthly fee ("Sales Assistance Fee") equal to Two Thousand Dollars (\$2,000) per month. Franchisor may, upon ninety (90) days prior written notice to Franchisee, change the Sales Assistance Fee and may add, in its sole discretion, commission fees. Franchisee may at any time thereafter, upon ninety (90) days prior written notice to Franchisor, terminate these Sales Services.

9.4 Technology Fee

Franchisee agrees to pay Franchisor a monthly technology fee ("Technology Fee") equal to Nine Hundred Ninety-Nine Dollars (\$999) per month for, currently, Franchisor's Yoga Joint mobile application, including on-demand classes, for Franchisor's production of content for such on-demand classes, data portal and administrative tool, e-mail, and for Franchisor's required learning management system and retreat software. Franchisor will produce on-demand content from time to time in its sole discretion. The products and services included in the Technology Fee are subject to change at any time. This Technology Fee commences at the time of Franchisee's Pre-Sales Training and is subject to change, as set forth in our manual or otherwise. Franchisor may adjust the amount of the Technology Fee, but will not increase the Technology Fee by more than ten percent (10%) per annum.

9.5 Marketing Management Fee

Franchisee agrees to pay to Franchisor a monthly fee of One Thousand Dollars (\$1,000) per month (the "Marketing Management Fee") for Franchisor to manage Franchisee's local, digital advertising and marketing campaigns and/or targeted media. Franchisee understands and agrees that even if Franchisee does not perform any digital advertising and marketing campaigns or targeted media, this Marketing Management Fee shall still be due to cover Franchisor's overhead, administrative costs, and content creation costs. Franchisor may adjust the amount of the Marketing Management Fee, but will not increase the Marketing Management Fee by more than six percent (6%) per annum.

9.6 Gross Revenue

"Gross Revenue" means all revenues and income from whatever source derived or received by Franchisee from, through, by or on account of the operation of the franchised Yoga Joint Studio or from the sale of products or services which are promoted or sold under any of the Proprietary Marks, whether received in cash, in services, in kind, on credit (whether or not payment is received), bartering, or otherwise. Revenue received from any retreats, workshops or other special events that may be offered by Franchisee are included in Gross Revenue. There will be deducted from Gross Revenue, to the extent they have been included: (i) all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if Franchisee separately states the taxes when the customer is charged and if Franchisee pays the taxes to the appropriate taxing authority; and (ii) any documented refunds, chargebacks, credits and allowances given in good faith to customers by Franchisee (such deductions will not include any credit card user fees, returned checks or reserves for bad credit or doubtful accounts).

Franchisee agrees that the use of any coupons or other discounts, waivers, or any bartering or exchange transactions, or the sale of any products or services bearing the Proprietary Marks outside the Yoga Joint Studio without prior written approval by Franchisor is prohibited and the amount of the discount, unapproved exchange or unauthorized sale offered by Franchisee in such case shall also be included in the definition of Gross Revenue.

9.7 Reporting and Payment

Franchisee agrees to submit, in the manner designated by Franchisor, a monthly report to Franchisor on the day designated by Franchisor (in its Manual or by other written communication to Franchisee), during the term of this Agreement. Said monthly report will consist of a statement reporting all Gross Revenue for the preceding month in the manner and form prescribed by Franchisor. Franchisee (if an individual) or an officer of Franchisee (if an entity) must sign the copy of the monthly report transmitted to Franchisor in writing. Franchisor reserves the right to require the electronic filing of Franchisee's monthly reports. Franchisee also agrees to furnish any sales data requested by Franchisor in the form, manner and frequency that Franchisor requests. Franchisor may change these reports to weekly or require weekly reports in addition to monthly reports of Gross Revenue.

9.8 Automated Bank Draft

Franchisee understands and agrees that Franchisor shall require that all Royalty Fees, Marketing Fund Fees, and all other fees and costs required to be paid to the Franchisor or an advertising cooperative, if applicable, must be paid by Electronic Funds Transfer (EFT) to ensure that the fees and costs are received on the day due and/or that past due invoices are paid to Franchisor. Franchisee agrees to comply with Franchisor's payment instructions, and to sign any and all documents and forms necessary to effectuate the electronic funds transfers, including the Electronic Transfer of Funds Authorization form attached to this Agreement as Exhibit B. Franchisee must at all times maintain a balance in its account sufficient to allow Franchisor to collect the amounts owed when due. Franchisee is responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this Section.

9.9 Commencement of Payments

Except as expressly provided in this Agreement, the Royalty Fees, Marketing Fund Fees, and all other payments and fees due under this Agreement, will accrue on the date on which Franchisee actually commences operation of the Yoga Joint Studio. All royalties and fees, including the Royalty Fee and Marketing Fund Fees, will continue to be due during the entire term of this Agreement.

9.10 Payments to Franchisor

In addition to all other payments under this Agreement, Franchisee agrees to pay to Franchisor (or its affiliates) immediately upon demand by Franchisor:

A. The amount of all sales taxes, corporate taxes, trademark license taxes and any similar taxes imposed on, required to be collected, or paid by Franchisor on account of services or goods Franchisor has furnished to Franchisee through sale, lease or otherwise, or on account of collection by Franchisor of the Initial Franchise Fee, Royalty Fees, Marketing Fund Fees or other payments called for by this Agreement.

B. All amounts advanced by Franchisor, or which Franchisor has paid, or for which Franchisor has become obligated to pay, on behalf of Franchisee for any reason.

9.11 Late Charge and Related Fees

Franchisee agrees to pay to Franchisor (or its affiliates) interest on any amounts due to Franchisor (or its affiliates) under this Agreement at 18% per annum or the maximum interest rate permitted by law, whichever is less.

Franchisee shall pay Franchisor a fee of \$150, or the maximum amount permitted by applicable law if less, if bank payment is refused for any check or pre-authorized draft received by Franchisor or its affiliates from Franchisee due to "insufficient funds" or otherwise.

9.12 Non-Compliance Fee

In addition to any other monetary penalties described in this Agreement, if Franchisor notifies

Franchisee of a violation of a term or provision of this Agreement and if such violation remains uncorrected ten (10) days after notice from Franchisor to Franchisee of the violation, Franchisor may, in addition to any other rights and remedies available to Franchisor under this Agreement or at law, assess a monetary penalty of up to One Hundred Dollars (\$100) for each day that Franchisee remains in violation of a term or provision of this Agreement. Nothing shall be a waiver of any other remedy available to us under this Agreement or at law.

9.13 Revenue Share Among Studios

Franchisee agrees to comply with Franchisor's rules and policies, as set forth in the Manual or otherwise, regarding membership transfers, cross-regional member visits, workshops, retreats and other special events or membership matters, including any revenue share/commission requirements with other Yoga Joint studios, which will be determined solely by Franchisor.

9.14 Application of Funds

If Franchisee is delinquent in the payment of any obligation to Franchisor under this Agreement, or under any other agreement with Franchisor or any of its affiliates, then Franchisor or the affiliate may apply any payment from Franchisee to the oldest obligation due, whether under this Agreement or otherwise, whether or not there is any contrary designation by Franchisee.

9.15 Franchisee May Not Withhold

Franchisee agrees not to withhold payment of any amounts due to Franchisor or its affiliates on grounds of the alleged non-performance of any of Franchisor's obligations under this Agreement.

9.16 Security Agreement

In order to secure the prompt payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred, from Franchisee to Franchisor, Franchisee grants Franchisor a security interest in the franchise granted by this Agreement and the furniture, equipment, fixtures, improvements, inventory, supplies located at or used in connection with the Yoga Joint Studio, now or hereafter acquired by Franchisee, together with all accounts, payment intangibles, attachments, accessories, additions, substitutions and replacements, all cash and non-cash proceeds derived from insurance or the disposition of such assets. Franchisee shall execute Franchisor's standard Security Agreement attached hereto as **Exhibit F**. In order to perfect this security interest, Franchisee shall also execute a standard UCC-1 Financing Statement. Franchisee authorizes Franchisor:

A. To file a copy of the Security Agreement, the UCC-1 Financing Statement and any other documents that may be necessary to perfect the security interest granted herein; and

B. To sign on behalf of Franchisee and to file in any jurisdiction, with or without signature of Franchisee, financing statements with respect to this security interest and Security Agreement.

10. RECORDS, AUDITS AND REPORTING REQUIREMENTS

10.1 Financial Statements

A. No later than thirty (30) days following the end of each calendar month during the term of this Agreement, Franchisee agrees to furnish to Franchisor, in a form specified by Franchisor, a statement of the Yoga Joint Studio's profit and loss for the month and a balance sheet as of the end of the month. Franchisee shall certify these statements to be true and correct.

B. No later than ninety (90) days following the end of each calendar year of Franchisee during the term of this Agreement, Franchisee agrees to furnish to Franchisor, in a form specified by Franchisor, a statement of the Yoga Joint Studio's profit and loss for the calendar year and a balance sheet as of the end of the calendar year, prepared on a compilation basis and certified to be true and correct by Franchisee. Franchisor reserves the right to require these annual financial statements to be audited by an independent

certified public accountant and if it does so the opinion of said certified public accountant may be qualified only to the extent reasonably acceptable to the Franchisor.

C. The financial statements required above must be prepared in accordance with generally accepted accounting principles, including all disclosures required under those principles.

D. No later than thirty (30) days following Franchisee's filing of the tax returns of the Yoga Joint Studio, Franchisee agrees to furnish to Franchisor exact copies of the tax returns, including federal, state and any local income tax returns, together with a certificate from an independent certified public accountant that all Social Security payments, taxes and fees required to be paid by Franchisee to any governmental agency or entity have been paid, and that if Franchisee is a corporation, there is no reason to believe that Franchisee's corporate status has been impaired.

E. If Franchisee is an entity, then Franchisee shall provide Franchisor a copy of Franchisee's annual filing showing that Franchisee is active and in good standing in the State in which it was formed or incorporated no later than thirty (30) days following the date such filing is due.

10.2 Financial Records and Audit or Financial Review

A. Franchisee agrees to record all revenues received by it or the Yoga Joint Studio. Franchisee further agrees to keep and maintain adequate records of these revenues, and to maintain and preserve accurate books, records and tax returns in the English language, including related supporting material (such as cash receipts, and credit and charge records) for the Yoga Joint Studio for at least three (3) years. Franchisor may specify, in its Manual or otherwise, the forms that Franchisee will be required to use in recording the revenues of the Yoga Joint Studio. Franchisee agrees to keep and preserve for three years the types and classes of records that Franchisor requires in its Manual or otherwise, and all business, personnel, financial and operating records relating to Franchisee's Yoga Joint Studio.

B. Franchisor will have the right, at any time, with or without written notice, during Yoga Joint Studio operating hours, to enter Franchisee's premises to inspect, audit and make copies of all records including, but not limited to, the following: books of accounts; bank statements; cash or other receipts; checkbooks; documents; records; sales and income tax returns (federal, state and, if applicable, city); and, files of Franchisee relating to programs, products and services sold and transacted. These files shall include (without limitation) Franchisee's operating records; bookkeeping and accounting records; customer lists; customer orders; operating records; operating reports; correspondence; general records of the Yoga Joint Studio; Franchisee's copy of the Manual (as amended); invoices; payroll records; journals; ledgers and Franchisee's files; memoranda and other correspondence; contracts and all sources and supporting records used to prepare reports and forms which Franchisee is required to submit to Franchisor under this Agreement, including the books or records of any corporation, partnership or proprietorship which owns the Yoga Joint Studio. Franchisee agrees to make any of these materials available for examination at Franchisee's premises.

C. If Franchisor causes an audit or a financial review by a Certified Public Accountant or other professional to be made for any period and the audit or review reveals that Franchisee understated the Gross Revenue in Franchisee's monthly reports to Franchisor by any amount, then Franchisee agrees to immediately pay Franchisor the additional amount payable as shown by the audit or financial review, plus interest at the lesser of eighteen percent (18%) per annum or the highest rate permitted by law.

D. If an audit or financial review of the Yoga Joint Studio by a Certified Public Accountant or other professional reveals that Franchisee understated the Gross Revenue on Franchisee's monthly reports to Franchisor by two percent (2%) or more for any month within the period of examination, or for the entire period of examination, when compared to Franchisee's actual Gross Revenue, then in addition to paying the additional amounts due and interest as calculated above, Franchisee agrees to immediately pay Franchisor the full cost of the audit or the financial review for the entire period of examination.

E. If an audit or financial review reveals an understatement by Franchisee of five percent (5%) or more for any calendar year, then in addition to paying the additional amounts due, interest as calculated above and the full cost of the audit or financial review for the entire period of examination, Franchisee's

understatement will constitute a material and incurable breach of this Agreement which will entitle Franchisor to terminate this Agreement immediately upon notice to Franchisee, with no opportunity to cure.

F. Franchisee's obligations under this Section shall survive termination or expiration of this Agreement.

10.3 Bookkeeping and Accounting

Franchisee agrees to purchase, install and use, at its expense, the accounting software program required by Franchisor, and agrees to use all standard accounting forms that Franchisor may furnish as part of its Manual or otherwise. Franchisee expressly affirms and agrees that Franchisor will have the free and unfettered right to retrieve and review such data and information from Franchisee's accounting software program as Franchisor, in its sole and exclusive judgment, deems necessary, desirable or appropriate, at such intervals as Franchisor determines in its sole and exclusive judgment. Franchisee agrees to provide Franchisor, if requested, with Franchisee's current login information and password to provide Franchisor with access to Franchisee's accounting software program. Franchisee further agrees to accurately, consistently and completely record the Yoga Joint Studio's accounting information through the required accounting software program, in the form and at the intervals that Franchisor requires (in its Manual or otherwise). Franchisee agrees to use all standard accounting forms that Franchisor may furnish as part of its Manual or otherwise. Franchisee agrees to submit all bookkeeping reports that Franchisor prescribes in its Manual or otherwise requires. Franchisee will be solely responsible for performing all recordkeeping duties and bear the costs for performing all recordkeeping duties and services.

10.4 Submission of Non-Financial Reports

Franchisee agrees to complete and submit to Franchisor the weekly, monthly, semi-annual or other periodic reports regarding the activity of the Yoga Joint Studio that Franchisor prescribes in its Manual or otherwise.

11. CONFIDENTIAL INFORMATION

11.1 Restriction on Use of Confidential Information

Franchisee agrees that it will never, during the Initial Term or any Renewal Term of this Agreement, or at any time after this Agreement expires or terminate, divulge or use any Confidential Information (as defined below) for the benefit of any other persons, partnership, proprietorship, association, corporation or entity. "Confidential Information" means knowledge, trade secrets or know-how concerning the systems of operation, programs, products, services, specifications, processes, formulas, software, technology, patents, customers or practices of Franchisee, Franchisor or the Yoga Joint System. Confidential Information includes (without limitation) all information, knowledge, know-how, techniques and information which Franchisor, its affiliates, or their officers, designate as confidential. Confidential Information will not, however, include information which Franchisee can demonstrate came to its attention before Franchisor disclosed it to it or which, at or after the time of disclosure, has become public through publication or communication by others, but not through any act of Franchisee.

Except as authorized in this Agreement, Franchisee agrees never to copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing the Confidential Information in whole or in part; store it in a computer, data base or other electronic format; or, otherwise make it available to any third party. Upon the expiration or termination of this Agreement, Franchisee agrees to return to Franchisor all Confidential Information, including all materials, books, records, software and manuals considered confidential under this Agreement in Franchisee's possession.

Franchisee, its manager and head instructor may divulge only Confidential Information necessary to operate the Yoga Joint Studio, and only to those of Franchisee's employees, agents or independent contractors who need access to it for this purpose. Franchisee agrees to take all necessary precautions to ensure that its employees retain the Confidential Information in confidence, including, but not limited to, requiring its instructors, Manager and other employees to sign, at the time of employment, a Confidentiality Agreement in

a form substantially the same as the agreement attached to this Agreement as **Exhibit C**. Franchisee shall provide to Franchisor an executed copy of the Confidentiality Agreement for all of Franchisee's instructors, Franchisee's Manager and all of Franchisee's other employees who need access to Confidential Information in connection with the operation of the Yoga Joint Studio and shall provide the executed agreement at the time each such employee is hired.

11.2 Customer Data

Franchisee shall maintain a current customer list containing as to all past, present and prospective customers of the Yoga Joint Studio, such customer's name, address, telephone number, zip code, e-mail addresses, social media information, and such other information Franchisor may require as set forth in the Manual ("Customer Data"). Franchisee shall also maintain the Customer Data in the form and manner that Franchisor requires as set forth in the Manual. During the term of this Agreement, Franchisee has a royalty-free, non-exclusive right to use the Customer Data, and any of the information contained therein or derivable therefrom, provided such use is consistent with this Agreement and solely for the purpose of promoting the Outlet and the Yoga Joint Studio. Notwithstanding that it may have been created and maintained by Franchisee, the Customer Data is, and remains, Franchisor's exclusive property, as is all information pertaining to the Yoga Joint Studio's customers and potential customers that Franchisee may collect, compile or maintain. After the expiration or termination of this Agreement, for any reason, Franchisee may not use or disclose the Customer Data or any other information pertaining to the Yoga Joint Studio's customers and potential customers, or any of the information contained therein or derivable therefrom without Franchisor's written prior authorization. Franchisee must provide Franchisor copies of all Customer Data upon request. Franchisee must abide by all applicable laws pertaining to the privacy of consumer transaction information and if Franchisor permits Franchisee to use the Customer Data to transmit advertisements to customers and potential customers, Franchisee will be solely responsible for complying with the laws pertaining to the sending of emails or other transmission of information, including any anti-spam legislation.

12. COVENANTS NOT TO COMPETE

12.1 In-Term Covenant Not to Compete; Non-Solicitation

Franchisee agrees that during the Initial Term and any Renewal Term of this Agreement, it will not directly or indirectly engage in any other business which is similar to the business of the Yoga Joint Studio franchised hereunder or, which offers or sells any product, service or component which now or in the future is part of the Yoga Joint System, or any similar product or service, including, but not limited to, gyms, boutique fitness businesses or classes, or yoga or Hiit businesses or classes, whether offered or provided in person, online, through an app or social media, or on demand (a "Competitive Business").

Franchisee is prohibited from engaging in any Competitive Business as a proprietor, partner, investor, shareholder, director, officer, employee, principal, agent, adviser, or consultant. In addition, Franchisee agrees not to divert any business that should be handled by the Yoga Joint Studio to any other entity. It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a competitor. Nothing herein will prevent Franchisee from owning for investment purposes up to an aggregate of two and one half percent (2.5%) of the capital stock of any Competitive Business, so long as the Competitive Business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, and so long as Franchisee does not control the company in question.

Further, during the Initial Term or any Renewal Term of this Agreement, and for three (3) years after the termination or expiration of this Agreement for any reason, Franchisee agrees not to, directly or indirectly, solicit, engage or hire former or present personnel, independent contractors or employees of Franchisor, its affiliates or of any other Yoga Joint franchisee.

If Franchisee is a corporation, Franchisee agrees to cause its shareholders, directors, officers and employees to refrain from any of the competitive activities described above in any manner which Franchisor reasonably requests. If Franchisee is a partnership or proprietorship, Franchisee agrees to cause each partner,

proprietor or other beneficial owner to refrain from any of the competitive activities described above in any manner which Franchisor reasonably requests.

12.2 Post-Term Covenant Not to Compete

Franchisee agrees that for a period of three (3) years immediately following the expiration, termination or transfer of this Agreement for any reason, Franchisee will not directly or indirectly engage in any Competitive Business, as a proprietor, partner, investor, shareholder, director, officer, employee, principal, agent, adviser, or consultant, located at Franchisee's Location, within twenty-five (25) miles of Franchisee's Location, or within twenty-five (25) miles of any Yoga Joint studio location (whether Company-owned, franchised or otherwise established and operated). Franchisee acknowledges and agrees that the restrictions contained in this Section are reasonable in scope and time, and necessary to protect the legitimate business interests of Franchisor.

If Franchisee owns the Location, then for a period of three (3) years immediately following the expiration, termination or transfer of this Agreement for any reason, said Location may not be used for the operation of a Competitive Business.

It is the intention of the provisions of this Section to preclude not only direct competition but also all forms of indirect competition, such as consultation for Competitive Businesses, leasing the existing Location to a Competitive Business, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a competitor. Nothing herein will prevent Franchisee from owning for investment purposes up to an aggregate of 2.5% of the capital stock of any Competitive Business, so long as the Competitive Business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, and so long as Franchisee does not control the company in question.

Franchisee further agrees that for a period of three (3) years immediately following the expiration, termination or transfer of this Agreement for any reason, Franchisee will not, directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity, or any Competitive Business, provide similar services to customers of the Yoga Joint Studio or solicit customers of the Yoga Joint Studio to terminate their business relationships with the Yoga Joint System and conduct business with Franchisee.

If Franchisee is a corporation, Franchisee agrees to cause its shareholders, directors, officers and employees to refrain from any of the competitive activities described above in any manner which Franchisor reasonably requests. If Franchisee is a partnership or proprietorship, Franchisee agrees to cause each partner, proprietor or other beneficial owner to refrain from any of the competitive activities described above in any manner which Franchisor reasonably requests.

12.3 Lesser Included Covenants Enforceable At Law

If all or any portion of the covenants not to compete set forth in this Article are held unreasonable, void, vague or illegal by any court or agency with competent jurisdiction over the parties and subject matter, the court or agency will be empowered to revise and/or construe the covenants to fall within permissible legal limits, and shall not by necessity invalidate the entire covenants. Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of this Article as if the resulting covenants were separately stated in and made a part of this Agreement. Franchisor reserves the right to reduce the scope of the covenants not to compete set forth in this Article without Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee.

12.4 Enforcement of Covenants Not To Compete

Franchisee acknowledges that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee consents to the entry of an injunction prohibiting any conduct by Franchisee in violation of the terms of the covenants not to compete set forth in this Agreement. Franchisee expressly agrees that it may conclusively be presumed that any violation of the terms of the covenants not to compete was accomplished by and through Franchisee's unlawful use of Franchisor's Confidential Information,

know-how, methods and procedures. Further, Franchisee expressly agrees that any claims it may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to the enforcement by Franchisor of the covenants not to compete set forth in this Agreement. Franchisee agrees to pay all costs and expenses, including reasonable attorneys' and experts' fees, incurred by Franchisor in connection with the enforcement of the covenants not to compete set forth in this Agreement.

Franchisee agrees that the covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on Franchisee, as Franchisee has other considerable skills, experience and education which afford Franchisee the opportunity to derive income from other endeavors.

12.5 Independent Covenants

Franchisor and Franchisee agree that each of the forgoing covenants shall be construed as independent of any other covenant or provision of this Agreement.

13. ASSIGNMENT; RIGHT OF FIRST REFUSAL

13.1 Assignment By Franchisor

Franchisor shall have the unlimited right to assign this Agreement, and all of its rights and privileges under this Agreement, to any person, firm, corporation or other entity.

13.2 Assignment By Franchisee - General

Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to Franchisee (or, if Franchisee is an entity, to its owners), and that Franchisor has entered into this Agreement in reliance on and in consideration of Franchisee's (or its owners') individual or collective personal skills and qualifications, and the trust and confidentiality that Franchisor reposes in Franchisee (or its owners). Therefore, neither this Agreement, nor Franchisee's (or any of its owners') interest in this Agreement, its rights or privileges under this Agreement, nor any interest in the Yoga Joint Studio, may be assigned, sold, transferred, shared, redeemed, sublicensed or divided, voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, in any manner, without first obtaining Franchisor's written consent in accordance with this Article, or without first complying with Franchisor's right of first refusal as provided for herein.

None of Franchisee's rights to use the Yoga Joint System, Proprietary Marks, Confidential Information and know-how are transferable except in strict compliance with the terms of this Agreement. Any actual or attempted assignment, transfer or sale of this Agreement, or any interest in this Agreement, or of the Yoga Joint Studio, in violation of the terms of this Article will be null, void and of no effect, and will constitute a material and incurable breach of this Agreement.

"Assignment" or "transfer" for the purposes of this Agreement includes Franchisee's (or any of its owners') voluntary, involuntary, direct or indirect, assignment, transfer, sale, gift or other disposition of any interest in this Agreement, Franchisee, or the Yoga Joint Studio. An assignment or transfer includes, without limitation, the following events:

- A. The transfer or redemption in the aggregate of more than 10% of the capital stock or voting power of Franchisee (if a corporation, limited liability company, or other business entity); the transfer or redemption in the aggregate of more than 10% of a partnership or proprietorship interest in Franchisee (if it does business as a partnership or proprietorship); or the transfer or redemption of any other interest that affects control over the Franchisee business entity;
- B. The merger or consolidation or issuance of additional securities or interests representing an ownership interest in Franchisee (if a corporation, limited liability company or other business entity);

- C. Any issuance or sale of Franchisee's stock or any security convertible to Franchisee's stock;
- D. The transfer of an interest in Franchisee, this Agreement, or the Yoga Joint Studio in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;
- E. The transfer of an interest in Franchisee, this Agreement, or the Yoga Joint Studio, in the event of Franchisee's death or the death of one of Franchisee's owners, by will, declaration, or transfer in trust or under the laws of intestate succession; or
- F. The pledge of this Agreement to someone other than Franchisor or of an ownership interest in this Agreement, Franchisee, the Yoga Joint Studio, or its assets, as security (unless such security interest in the assets is granted to the lender as a condition of Franchisee's financing for same).

Franchisee agrees to immediately notify Franchisor in writing of any and all transfers of ownership in a corporate, partnership or proprietorship franchisee entity, even in less than 10%.

13.3 Assignment By Franchisee - To A Business Entity Formed By Franchisee

If Franchisee desires to assign and transfer its interest in this Agreement to a corporation, limited liability company, partnership, limited partnership or any other type of legal entity formed in compliance with applicable law, Franchisee shall obtain Franchisor's prior written consent. Franchisor will not unreasonably withhold consent if all the following conditions are met:

1. The business entity is newly organized and duly incorporated, and its activities are confined to acting exclusively as a Yoga Joint franchisee.
2. Franchisee is the sole owner of all the stock of the corporation and is its principal officer (or Franchisee is the sole owner of 75% or more of all stock of the corporation, with the remaining stockholders being Franchisee's spouse and/or adult children).
3. If Franchisee is more than one individual, each individual must have the right to the same proportionate ownership interest in the corporation as it or she had in the Yoga Joint Studio before the transfer.
4. Franchisee and the corporation execute an agreement in substantially the same form as attached hereto as **Exhibit D** with Franchisor under which Franchisee and the corporation agree to be jointly and severally liable for all the obligations to Franchisor under this Agreement, and expressly agree to be bound by all the terms, conditions and covenants of this Agreement. Each present and future shareholder of the corporation must agree in writing to personally guarantee the performance by the corporation of Franchisee's obligations under this Agreement, and to be individually bound by all the terms and conditions of this Franchise Agreement and any other agreements between Franchisee and Franchisor.
5. The name of the corporation formed by Franchisee may not include the Proprietary Mark "YOGA JOINT," any variant of "YOGA JOINT" or any words confusingly similar to "YOGA JOINT".
6. All stock certificates of the corporation must be endorsed with the following legend, conspicuously placed:

"The transfer of this stock is subject to the terms and conditions of a Franchise Agreement dated [date of this Agreement] between Yoga Joint Franchising, LLC and [Name of Franchisee]. This certificate is not transferable and is not subject to sale, assignment, pledge, mortgage, encumbrance, or transfer, by operation of law or otherwise, without the prior written consent of Yoga Joint Franchising, LLC."
7. The Articles of Incorporation, Bylaws and other organizational documents of the corporation must state that the issuance and transfer of any interest in the corporation are restricted by the terms of the Franchise Agreement.

Any transfer pursuant to this Section will not be subject to Franchisor's rights of first refusal provided for below, and will not require payment of a transfer fee.

13.4 Assignment By Franchisee - Sale To Third Party

A. Franchisee may not sell or otherwise assign or transfer the franchise conveyed by this Agreement, the franchised Yoga Joint Studio, or any interest in any of these, without Franchisor's prior written consent. If Franchisor does not elect to exercise its right of first refusal, then Franchisor will not unreasonably withhold consent to the assignment and sale. Franchisee agrees that it will not be unreasonable for Franchisor to impose, among other requirements, the following conditions to consenting to the assignment and sale:

1. That Franchisee complies with the right of first refusal provisions as provided for in this Agreement.
2. That the proposed assignee applies to Franchisor for acceptance as a franchisee, and furnishes to Franchisor the information and references that Franchisor requests to determine assignee's skills, qualifications and economic resources.
3. That the proposed assignee presents itself for a personal interview at Franchisor's corporate office, or any other location designated by Franchisor, at the date and time reasonably requested by Franchisor, without expense to Franchisor.
4. That the assignee (or the principal officers, shareholders or directors of a corporate assignee) demonstrates that it has the skills, qualifications, ethics, moral values and economic resources necessary, in Franchisor's reasonable judgment, to conduct the Yoga Joint Studio contemplated by this Agreement, and to fulfill its obligations to the assignor.
5. That the proposed assignee, its proposed manager and head instructor have attended and successfully completed Franchisor's Initial Training Program before the assignment, and any other training that Franchisor reasonably requires; there shall be no cost for the Initial Training Program, however, all expenses including transportation to any training, lodging, food, salaries of proposed assignee's employees and other living expenses shall be borne by the proposed assignee.
6. That the lessor or sublessor of the Yoga Joint Studio Location consents in writing to the assignment of Franchisee's Lease to the proposed assignee.
7. That as of the date of the assignment, the assignor has fully complied with all of its monetary and other obligations to Franchisor and its affiliates under this Agreement and any other agreement or arrangement with Franchisor or its affiliates.
8. That if the Franchise Agreement is being assigned, or the franchised Yoga Joint Studio is being sold, the assignee executes a separate Franchise Agreement in the form and on the terms and conditions Franchisor then offers to prospective franchisees who are similarly situated (except that the assignee will not be obligated to pay another Initial Franchise Fee, but will be required to pay a transfer fee as set forth herein below, and the Royalty Fee will be that specified in this Agreement). The term of the new Franchise Agreement will expire on the date of expiration of this Agreement. The execution of the new Franchise Agreement will terminate this Agreement, except for the guarantees of Franchisee and the post-termination and post-expiration provisions under this Agreement.
9. That the total sales price is not so excessive, in Franchisor's sole determination, that it jeopardizes the continued economic viability and future operations of the franchise.
10. If the proposed assignee is purchasing part, but not all, of an interest in a corporate or partnership franchisee to this Agreement, then the proposed assignee must execute a

Guarantee in the form acceptable to Franchisor guarantying all of the obligations under this Agreement.

11. That the assignor (and all shareholders of a corporate assignor, and all partners of a partnership assignor, and all proprietors of a proprietorship assignor) executes a general release, of any and all claims, demands and causes of action which Franchisee and its partners, proprietors, directors, officers, shareholders, executors, administrators and assigns (as the case may be) may or might have against Franchisor and its affiliates, and their respective officers, directors, shareholders, agents, attorneys, contractors and employees in their corporate and individual capacities including, without limitation, claims arising under federal, state and local laws, rules and ordinances.
12. That the assignee pays Franchisor a transfer fee equal to: (i) Five Thousand Dollars (\$5,000) if the transfer is an assignment of a fifty percent (50%) or less ownership interest in Franchisee; or (ii) Twenty-Five Thousand Dollars (\$25,000) if the transfer is more than a fifty percent (50%) ownership interest in Franchisee or the sale of all or substantially all of the Yoga Joint Studio's assets.
13. That the assignor furnishes to Franchisor a copy of the executed contract of assignment.
14. That the assignee, at its expense, upgrade the Yoga Joint Studio to conform to the then-current standards and specifications of the Yoga Joint System, and completes this upgrading within the time reasonably specified by Franchisor.
15. That Franchisee remains liable for all the obligations to Franchisor arising out of or related to this Agreement before the effective date of the transfer or assignment, and executes all instruments reasonably requested by Franchisor to evidence this liability.
16. That the assignor complies with the terms of the post-term covenant not to compete set forth in this Agreement, commencing on the effective date of the assignment, and the confidentiality obligations set forth in this Agreement.

B. If Franchisor consents to the assignment of this franchise, it will also consent to the assignment of Franchisee's Lease agreement with its Yoga Joint Studio lessor and all other agreements between Franchisor and Franchisee. Franchisee, if the franchise is assigned, also agrees to assign its Lease agreement with the Yoga Joint Studio lessor and all other agreements between Franchisor and Franchisee to the same assignee. After the assignment, Franchisee will remain liable under all the assigned agreements to the extent they require.

C. Franchisee agrees to defend at its own cost and to indemnify and hold harmless Franchisor, its parent (if any), and the subsidiaries, affiliates, designees, shareholders, directors, officers, employees and agents of either entity, from and against any and all losses, costs, expenses (including attorneys' and experts' fees), court costs, claims, demands, damages, liabilities, however caused (whether or not the losses, costs, expenses, court costs, claims, demands, damages or liabilities are reduced to judgment), resulting directly or indirectly from or pertaining to any statements, representations or warranties that may be given by Franchisee to any proposed assignee of the franchise, or any claim that Franchisee or the assignor engaged in fraud, deceit, violation of franchise laws of other illegality in connection with the negotiations leading to the consummation of the assignment.

13.5 Assignment By Franchisee - Transfer Upon Death or Disability

A. Upon the death or disability of Franchisee or the owner of a controlling interest in Franchisee (if Franchisee is an entity), Franchisor will require Franchisee or such owner (or Franchisee's or such owner's executor, administrator, conservator, guardian or other personal representative ("Estate")) to transfer Franchisee's interest in this Agreement (or such owner's interest in Franchisee) to a third party in accordance with Section 13.4 of this Agreement. Such disposition (including, without limitation, any transfer by bequest or inheritance) must be completed within the time Franchisor designates, but not more than five (5) months from

the date of death or disability. Such disposition will be subject to the terms and conditions applicable to transfers as set forth in this Article. The failure to transfer Franchisee's interest in this Agreement or the ownership interest in Franchisee within this period of time shall constitute a material breach of this Agreement, and Franchisor shall have the right to terminate this Agreement upon notice without providing any opportunity to cure. For purposes of this Agreement, the term "disability" shall mean a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent Franchisee or an owner of a controlling interest in Franchisee (if an entity) from directing the business affairs of, or managing and operating, the Yoga Joint Studio.

B. Until the transfer of Franchisee's interest (or such owner's interest in Franchisee) to a third party is completed, or until Franchisor's termination of this Agreement for failure to transfer such interest within the time period set forth in Section 13.5(A) above, the Estate may continue the operation of the Yoga Joint Studio if: (i) the Estate provides a competent and qualified individual acceptable to Franchisor to serve as manager and operate the Yoga Joint Studio on a full-time basis; (ii) this individual attends and successfully completes Franchisor's next offered Initial Training Program at the Estate's expense; and, (iii) this individual assumes full-time operation of the franchise as manager within one (1) month of the date Franchisee dies or becomes disabled.

C. From the date of death or disability until a fully trained and qualified manager assumes full-time operational control of the franchised Yoga Joint Studio, Franchisor may assume full control of and operate the franchised Yoga Joint Studio, but will have no obligation to do so. If Franchisor does so, then during this period, Franchisor will deduct its expenses for travel, lodging, meals, and all other expenses and fees from the Yoga Joint Studio's Gross Revenue and pay itself a management fee equal to ten percent (10%) of the Yoga Joint Studio's weekly Gross Revenue. This management fee will be in addition to the Royalty Fees due Franchisor. Any remaining funds will then be remitted to Franchisee's Estate until the transfer of Franchisee's interest (or an owner's controlling interest in Franchisee) to a third party is completed, or until Franchisor's termination of this Agreement for failure to transfer such interest within the time period set forth in Section 13.5(A) above. Any deficiency in sums due to Franchisor under this Agreement must be paid by Franchisee's Estate to Franchisor within ten days of Franchisor's notifying the Estate of the deficiency. Franchisor will not be obligated to operate Franchisee's franchise. If it does so, Franchisor will not be responsible for any operational losses of the franchise, nor will it be obligated to continue operation of the Yoga Joint Studio.

13.6 Right of First Refusal

The right of Franchisee to assign, transfer, redeem or sell its interest in this Agreement, the franchised Yoga Joint Studio, or the Book of Business, voluntarily or by operation of law (as provided above), will be subject to Franchisor's right of first refusal. Franchisor shall exercise its right of first refusal in the following manner:

1. Franchisee shall deliver to Franchisor a true and complete copy of the offer (the "notice") and furnish to Franchisor any additional information concerning the proposed transaction that Franchisor reasonably requests.

2. Within twenty one (21) days after Franchisor's receipt of the notice (or, if Franchisor requests additional information, within twenty one days after receipt of the additional information), Franchisor may either consent or withhold its consent to the assignment or redemption, in accordance with this Article, or at its option, accept the assignment to itself or to its nominee, on the terms and conditions specified in the notice. However, Franchisor will be entitled to all of the customary representations and warranties given by the seller of assets of a Yoga Joint Studio, including (without limitation), representations and warranties as to ownership, condition of and title to assets, liens and encumbrances on the assets, validity of contracts and agreements, and Franchisee's contingent and other liabilities affecting the assets.

3. If a partial transfer is proposed through the assignment or redemption of more than 25% of the capital stock of a corporate franchisee, or of more than 25% of partnership or proprietorship interests to other than the original partners or proprietors of Franchisee (measured against the ownership of the Franchisee entity as originally constituted on the date of execution of this Agreement), then Franchisor will have the option to purchase not only the interests being transferred but also the remaining interests, so that Franchisor's

resulting ownership will be 100% of the franchise. The price of these remaining interests will be proportionate to the price of the interests initially being offered.

4. Franchisor's credit will be deemed equal to the credit of any proposed purchaser. Franchisor may substitute cash for any other form of payment proposed in the offer.

5. If Franchisor exercises its right of first refusal, Franchisor will be given at least sixty (60) days after notifying Franchisee of its election to exercise its right of first refusal to prepare for closing. Franchisee agrees to take all action necessary to assign its Lease agreement with the lessor of the Yoga Joint Studio Location to Franchisor.

6. If Franchisor elects not to exercise its right of first refusal and consents to the proposed assignment or redemption, then Franchisee will, subject to the provisions of this Article, be free to assign this Agreement or the franchised Yoga Joint Studio to its proposed assignee on the terms and conditions specified in the notice. If, however, the terms are changed, the changed terms will be deemed a new proposal, and Franchisor will have a right of first refusal with respect to this new proposal.

7. Franchisor's election not to exercise its right of first refusal with regard to any offer will not affect its right of first refusal with regard to any later offer. If Franchisor does not exercise its right of first refusal, this will not constitute approval of the proposed transferee, assignee, redemption or the transaction itself. Franchisee and any proposed assignee must comply with all the criteria and procedures for assignment of the franchise, the Franchise Agreement and/or the franchised Yoga Joint Studio specified in this Article.

13.7 Roll-Up Sale by Franchisor

In the event Franchisor puts together the sale of a package of Yoga Joint franchise businesses ("Roll-Up Event"), Franchisee is offered the opportunity to participate in such Roll-Up Event, and Franchisee elects, at its option, to sell its Yoga Joint Studio business (or the ownership interests of Franchisee) in such Roll-Up Event, Franchisee agrees to pay Franchisor a commission of ten percent (10%) of the gross sales price paid for Franchisee's Yoga Joint Studio business (or the ownership interests of Franchisee). Any such sale shall be subject to Franchisee executing a general release in favor of Franchisor, its partners, proprietors, directors, officers, shareholders, members, executors, administrators, successors and assigns. Franchisee acknowledges and agrees that Franchisor makes no representations, promises or warranties of any kind that there will ever be a Roll-Up Event or, if one occurs, that Franchisor will offer Franchisee the opportunity to participate in any such Roll-Up Event.

13.8 No Encumbrance

Franchisee will have no right to pledge, encumber, hypothecate or otherwise give a security interest in this Agreement, the Book of Business, the Yoga Joint Studio or its assets (unless such security interest in the assets is granted to the lender as a condition of Franchisee's financing for same) in any manner to any third party person or entity without Franchisor's prior written permission, which Franchisor may withhold for any reason. If Franchisee obtains financing, Franchisor requires that no more than seventy percent (70%) of Franchisee's estimated total initial investment is financed.

14. PROPRIETARY MARKS

14.1 Franchisee's Non-Ownership of Proprietary Marks

Nothing in this Agreement will give Franchisee any right, title or interest in or to any of the Proprietary Marks of Franchisor (or its affiliates) except as a mere privilege and non-exclusive license, during the term of this Agreement, to display and use the Proprietary Marks according to the limitations set forth in this Agreement. Franchisee understands and agrees that the limited license to use the Proprietary Marks granted by this Agreement applies only to those Proprietary Marks which Franchisor designates (and has not designated as withdrawn from use), and those Proprietary Marks which Franchisor may in the future designate in writing. Franchisee agrees not to represent in any manner that it has acquired any ownership or equitable rights in any of the Proprietary Marks by virtue of the limited license granted under this Agreement or

Franchisee's use of the Proprietary Marks. All uses of the Proprietary Marks by Franchisee, whether as a trademark, service mark, trade name or trade style, will inure to Franchisor's benefit. Following the expiration or termination of this Agreement, no monetary amount will be attributable to any goodwill associated with Franchisee's use of the Proprietary Marks or operation of the franchised Yoga Joint Studio.

14.2 Acts in Derogation of the Proprietary Marks

Franchisee agrees that the Proprietary Marks are the exclusive property of Franchisor (or its affiliates). Franchisee asserts and will in the future assert no claim to any goodwill, reputation or ownership of the Proprietary Marks by virtue of Franchisee's licensed use of the Proprietary Marks, or for any other reason. Franchisee agrees that it will not do or permit any act or thing to be done in derogation of any of the rights of Franchisor or its affiliates in connection with the Proprietary Marks, either during or after the term of this Agreement. Franchisee agrees not to apply for or obtain any trademark or service mark registration of any of the licensed Proprietary Marks or any confusingly similar marks in its own name. Franchisee agrees to use the Proprietary Marks only for the uses and in the manner licensed under this Agreement and as provided in this Agreement. Franchisee agrees that it will not, during or after the term of this Agreement, in any way dispute or impugn the validity of the Proprietary Marks, the rights of Franchisor (or its affiliates) to the Proprietary Marks, or the rights of Franchisor, its affiliates or other franchisees of Franchisor to use the Proprietary Marks.

14.3 Use and Display of Proprietary Marks

A. Franchisee agrees to use the Proprietary Marks in full compliance with rules prescribed from time to time by Franchisor in its Manual or otherwise. Franchisee is prohibited (except as expressly provided in this Agreement) from using any Proprietary Mark with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed by Franchisor to Franchisee). Franchisee may not use any Proprietary Mark in connection with the sale of any unauthorized product, service or program or in any other manner not explicitly authorized in writing by Franchisor. Franchisee may use the Proprietary Marks only for the operation of the franchised Yoga Joint Studio or in advertising for the franchised Yoga Joint Studio in a manner consistent with Franchisor's corporate brand guidelines, as they presently exist or as they may exist in the future. Franchisee's right to use the Proprietary Marks is limited to the uses authorized under this Agreement.

B. Franchisee may not use the Proprietary Marks in any way which will incur any obligation or indebtedness on behalf of Franchisor. Franchisee agrees to comply with Franchisor's instructions in filing and maintaining all requisite trade name or fictitious name registrations, and to execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

C. Franchisee agrees to affix Franchisor's Proprietary Marks on the Yoga Joint Studio and equipment, fixtures, signs, stationery, advertising, sales/promotional materials and other objects, in the size, color, lettering style and fashion and at the places which Franchisor designates in its Manual or otherwise. Franchisee also agrees to display the Proprietary Marks and relevant trademark and copyright notices pursuant to the requirements set forth in the Manual. Except as expressly provided in the Manual or otherwise, Franchisee may not erect or display in or on its Yoga Joint Studio, stationery, advertising, sales or promotional materials or any other objects bearing any other trademarks, logotypes, symbols or service marks. Franchisee may not use any names, marks or logotypes other than the Proprietary Marks in connection with the franchised Yoga Joint Studio without Franchisor's prior written approval.

D. Franchisee shall, at the request of Franchisor and at Franchisor's cost, affix and display in a conspicuous location in its Yoga Joint Studio, such signs, stationary and sales/promotional materials advertising the sale of Yoga Joint franchises. Franchisee shall affix and display a sign in a conspicuous location in its Yoga Joint Studio, the fact that Franchisee is an independent contractor and not affiliated with Franchisor.

14.4 Non-Use of Trade Name

If Franchisee is a corporation, partnership or limited liability company, it may not use Franchisor's Proprietary Marks or any confusingly similar words or symbols, in Franchisee's corporate, partnership or limited

liability company name. In particular, Franchisee may not use the word "YOGA JOINT," or any variant as part of its corporate, partnership or limited liability company name.

14.5 Required Means of Yoga Joint Identification

Franchisee shall conduct its Yoga Joint Studio under the assumed business name "Yoga Joint." Franchisee agrees, at its expense, to perform all filings and procure all required or necessary governmental approvals or registrations required to do business under that assumed business name. Franchisee agrees to identify itself as a franchisee, but not an agent, of Franchisor.

14.6 Defense of Proprietary Marks By Franchisor

If Franchisee receives notice, is informed or learns of any claim, suit or demand against it on account of any alleged infringement, unfair competition, or similar matter relating to the use of the Proprietary Marks (each, a "claim"), Franchisee agrees to promptly notify Franchisor. Franchisor will then promptly take any action it may consider necessary to protect and defend Franchisee against the claim and indemnify Franchisee against any actual damages and reasonable costs or expenses incurred in connection with the claim, so long as the claim is based solely on any alleged infringement, unfair competition, or similar matter relating to the use of the Proprietary Marks. Franchisee may not settle or compromise the claim by a third party without Franchisor's prior written consent. Franchisor will have the right to defend, compromise and settle the claim at its sole cost and expense, using its own counsel. Franchisee agrees to cooperate fully with Franchisor in connection with the defense of the claim. Franchisee grants irrevocable authority to Franchisor, and appoints Franchisor as Franchisee's attorney in fact, to defend and/or settle all claims of this type. Franchisee may participate at its own expense in the defense or settlement, but Franchisor's decisions with regard to the settlement will be final. Franchisor will have no obligation to defend or indemnify Franchisee pursuant to this Section if the claim arises out of or relates to Franchisee's use of any of the Proprietary Marks in violation of the terms of this Agreement.

14.7 Prosecution of Infringers

If Franchisee receives notice, is informed or learns that any third party which it believes is not authorized to use the Proprietary Marks is using the Proprietary Marks or any variant of the Proprietary Marks, Franchisee agrees to promptly notify Franchisor. Franchisor will then determine whether or not it wishes to take any action against the third party on account of the alleged infringement of Franchisor's Proprietary Marks. Franchisee will have no right to make any demand or to prosecute any claim against any alleged infringer of Franchisor's Proprietary Marks for or on account of an alleged infringement.

14.8 Discontinuance or Substitution of Proprietary Marks

Franchisee agrees to comply with any instruction by Franchisor to modify or discontinue use of any Proprietary Mark, or to use any additional or substituted Proprietary Marks. Franchisee waives all claims arising from or relating to any Proprietary Mark change, modification or substitution. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any Proprietary Mark addition, modification, substitution or discontinuation. If Franchisor requires Franchisee to add, modify, substitute or discontinue any Proprietary Mark, Franchisee agrees to bear the costs and expenses associated with any such changes. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

15. RELATIONSHIP OF THE PARTIES

15.1 Independent Contractor

Franchisee understands and agrees that Franchisee is and will be an independent contractor of Franchisor under this Agreement. Nothing in this Agreement may be construed to create a partnership, joint venture, fiduciary or agency relationship between Franchisee and Franchisor, and neither party to this Agreement is an employee, agent, servant, partner or joint venture of the other; meaning that, except as expressly provided for in this Agreement, no party to this Agreement has the authority, implied, apparent or

expressed, to lawfully bind the other with respect to any matter. No employee of Franchisee will be deemed to be an employee of Franchisor. Neither Franchisee nor any employee of Franchisee whose compensation for services is paid by Franchisee may, in any way, directly or indirectly, expressly or by implication, be construed to be an employee of Franchisor for any purpose, including, but not limited to, with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. Franchisor will not have the power to hire or fire Franchisee's employees, and Franchisee alone controls Franchisee's employees' wages, hours, assignments, hiring, firing and any benefits. Franchisor will have no liability for any action or settlement related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of Franchisee's employees and Franchisee agrees to indemnify Franchisor for any such liabilities that it incurs.

15.2 Indemnification

The Franchisee shall indemnify Franchisor and its affiliates, and their respective officers, directors, owners, employees and representatives from any and all actions, judgments, claims, damages, liabilities, losses, costs, and expenses (including reasonable attorney's fees and costs, even if incident to appellate, post-judgment, or bankruptcy proceedings) to which they become subject or that they incur arising from or relating in any manner to the Franchisee's ownership or operation of the franchised Yoga Joint Studio, including, but not limited to, any allegation that Franchisee is Franchisor's employee, or that Franchisor and Franchisee are a joint employer or otherwise responsible for the acts or omissions relating to Franchisee's employees, and that the Franchised Business or Franchisee violated the ADA or other laws regarding public accommodations for persons with disabilities. In no event, however, need the Franchisee indemnify Franchisor for any matter caused directly by Franchisor's gross negligence or intentional misconduct. Franchisor will have the right to defend any such claim against Franchisor by employing counsel of its choice, subject to full reimbursement of all legal fees and costs by Franchisee. Notwithstanding the expiration or sooner termination of this Agreement, this indemnity continues in full force and effect.

16. DEFAULT AND TERMINATION

16.1 Termination By Franchisor - Automatic Termination Without Notice

Franchisee will be in default of this Agreement, and all rights granted in this Agreement will immediately and automatically terminate and revert to Franchisor without notice to Franchisee, if: Franchisee, the franchised Yoga Joint Studio or the business to which the franchise relates is adjudicated as bankrupt or insolvent; all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor; a petition in bankruptcy is filed by or against Franchisee or the Yoga Joint Studio and is not immediately contested and/or dismissed within sixty (60) days from filing; a bill in equity or other proceeding for the appointment of a receiver or other custodian of Franchisee, Yoga Joint Studio or assets of either is filed and consented to by Franchisee; a receiver or other custodian (permanent or temporary) of all or part of Franchisee's assets or property is appointed by any court of competent jurisdiction; proceedings for a composition with creditors under any state or federal law are instituted by or against Franchisee or the Yoga Joint Studio; Franchisee is dissolved; execution is levied against Franchisee, the Yoga Joint Studio or its property; or, the real or personal property of the Yoga Joint Studio is sold after levy thereon by any governmental body or agency, sheriff, marshal or constable.

16.2 Termination By Franchisor Upon Notice - No Opportunity To Cure

Franchisee will have materially breached this Agreement and Franchisor may, at its option, terminate this Agreement and all rights granted under this Agreement, without affording Franchisee any opportunity to cure the breach, effective immediately upon Franchisee's receipt of notice (which, whether sent by certified mail, registered mail, overnight courier or personal physical delivery, will be deemed to have been received by Franchisee upon delivery or first attempted delivery of the notice to Franchisee) upon the occurrence of any of the following events:

A. Franchisee does not commence operation of the franchised Yoga Joint Studio within 365 days of the date of this Agreement; at any time ceases to operate the franchised Yoga Joint Studio; abandons the

franchise relationship; or, abandons the franchise by failing to operate the Yoga Joint Studio for five consecutive days during which Franchisee is required to operate the Yoga Joint Studio under this Agreement (or any shorter period of time after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to operate the franchise), unless Franchisee's failure to operate is due to fire, flood, other Acts of God or other similar causes beyond Franchisee's control.

B. Franchisee omitted or misrepresented any material fact in the information it furnished to Franchisor in connection with Franchisor's decision to enter into this Agreement.

C. Franchisor and Franchisee agree in writing to terminate the Franchise Agreement.

D. Franchisee does not provide a copy of the proposed lease, or does not otherwise secure a Yoga Joint Studio Location within the time limits and following the procedures specified in this Agreement.

E. Franchisee loses the right to possession of the Yoga Joint Studio Location, provided, however, that if the loss of possession results from the governmental exercise of the power of eminent domain, or if, through no fault of Franchisee, the premises are damaged or destroyed, then Franchisee will have thirty days after this event to apply for Franchisor's approval to relocate and reconstruct the premises in accordance with the applicable provisions of this Agreement. This approval may not be unreasonably withheld, but it will be reasonable for Franchisor to withhold approval if the Yoga Joint Studio will not re-open within 180 days of the closing of the previous Yoga Joint Studio Location.

F. Franchisee (or, if Franchisee is a corporation, partnership, proprietorship or other entity, any principal of Franchisee) engages in an act that could be deemed a felony, fraud, crime involving moral turpitude, or any other crime or offense which Franchisor reasonably believes is related to Franchisee's operation of the franchised Yoga Joint Studio, or is likely to have an adverse effect on the Yoga Joint System, the Proprietary Marks, the goodwill associated with the Proprietary Marks or Franchisor's interest in the System or Proprietary Marks.

G. Franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Yoga Joint Studio;

H. Franchisee (or any principal of a corporate, partnership, proprietorship or other entity franchisee) purports to transfer any rights or obligations under this Agreement, any interest in Franchisee or the franchised Yoga Joint Studio to any third party in violation of the terms of this Agreement.

I. Franchisee conceals revenues; knowingly maintains false books or records; falsifies information or otherwise defrauds or makes false representations to Franchisor; or, knowingly submits any substantially false report to Franchisor.

J. Franchisee engages in any conduct or practice that is a fraud upon consumers, or is an unfair, unethical, or deceptive trade, act or practice.

K. Franchisor causes an audit to be made for any period and the Gross Revenue as shown by Franchisee's monthly statements submitted to Franchisor is found to be understated by 5% or more for any calendar year.

L. Franchisee interferes or attempts to interfere with Franchisor's contractual relations with other franchisees, customers, employees, advertising agencies or any third parties.

M. Franchisee interferes or attempts to interfere with Franchisor's ability or right to franchise or license others to use and employ Franchisor's Proprietary Marks and System or Franchisee makes any use of the Proprietary Marks not authorized under this Agreement.

N. Franchisee receives three (3) notices of default within any twelve (12) month period.

O. Franchisee offers or sells any unapproved products and/or conducts (or permits the conducting of) any business other than the business contemplated by this Agreement at or from the Yoga Joint Studio without Franchisor's prior written consent.

P. Franchisee loses, through revocation, forfeiture, failure to renew, or otherwise, any license required with respect to the operation of the Yoga Joint Studio.

Q. Franchisee fails to operate the Yoga Joint Studio in strict compliance with all applicable laws, ordinances, rules, regulations and orders of governmental authorities pertaining to the maintenance and operation of the Yoga Joint Studio, including, without limitation, those relating to licensing, employment, and taxation.

R. If Franchisee, its instructors or other staff make unauthorized use of the Proprietary Marks and fail to cease such use within 72 hours after notice.

S. Franchisee allows any unauthorized persons to view any part of the Initial Training Program or other training programs, classes or courses offered by Franchisor online or remotely.

16.3 Termination by Franchisor - Fifteen Days to Cure

Except as provided above and in Section 8.1, Franchisee will have fifteen (15) calendar days after its receipt from Franchisor of a written Notice of Termination to remedy any default under this Agreement, not specified in the preceding section and to provide evidence that it has done so to Franchisor. If Franchisee has not cured any default within that time (or, if appropriate, Franchisee has not initiated action to cure the default within that time) or any longer period that applicable law may require, this Agreement will terminate immediately upon expiration of the fifteen (15) day period, or any longer period required by applicable law.

All Notices of Termination, whether sent by certified mail, registered mail, overnight courier or by physically delivering the notice in person, will be deemed to have been received by Franchisee upon delivery or first attempted delivery of the notice to Franchisee's Yoga Joint Studio.

16.4 Franchisee's Failure to Pay

Franchisee's failure to make payments of any money due and owing to Franchisor, after receipt from Franchisor of notice of the default granting an opportunity to cure, will be deemed Franchisee's willful and wrongful breach under this Agreement and Franchisee's decision to reject and terminate this Agreement and all related agreements between Franchisee and Franchisor or its affiliates.

16.5 Cross Default

Any default or breach by Franchisee of any other agreement between Franchisor or its affiliates and Franchisee will be deemed a default under this Agreement, and any default or breach of this Agreement by Franchisee will be deemed a default or breach under any and all other agreements between Franchisor and Franchisee. If the nature of the default under any other agreement would have permitted Franchisor to terminate this Agreement if the default had occurred under this Agreement, then Franchisor will have the right to terminate all the other agreements between Franchisor and Franchisee in the same manner provided for in this Agreement for termination of this Agreement. Franchisee will be given the same opportunity to cure defaults under any other agreement between Franchisor or its affiliates and Franchisee as Franchisee has under this Agreement.

16.6 Notice Required By Law

If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement or the parties to this Agreement limits Franchisor's rights of termination under this Agreement or requires longer notice or cure periods than those set forth above, then this Agreement will be deemed amended to conform to the minimum notice, cure periods or restrictions upon termination required by the laws and regulations. Franchisor will not, however, be precluded from contesting the validity, enforceability or

application of the laws or regulations in any action, proceeding, hearing or dispute relating to this Agreement or the termination of this Agreement.

17. FURTHER OBLIGATIONS AND RIGHTS OF THE PARTIES ON TERMINATION OR EXPIRATION

17.1 Post-Termination Obligations

A. If this Agreement expires or terminates for any reason, Franchisee will cease to be an authorized Yoga Joint franchisee and Franchisee will lose all rights to the use of Franchisor's Proprietary Marks, the Yoga Joint System, all Confidential Information and know-how owned by Franchisor and any goodwill engendered by the use of Franchisor's Proprietary Marks.

B. Upon termination or expiration of this Agreement for whatever reason, Franchisee agrees to:

1. Immediately pay all sums due and owing to Franchisor or its affiliates, all sums due and owing to any lessor, employees, taxing authorities, advertising agencies and all other third parties.

2. Discontinue the use of the Proprietary Marks, and not operate or do business under any name or in any manner which might tend to give the general public the impression that it is operating a Yoga Joint studio, or any similar business. Franchisee may not use, in any manner or for any purpose, directly or indirectly, any of Franchisor's Confidential Information, trade secrets, procedures, forms, techniques, know-how or materials acquired by Franchisee by virtue of the relationship established by this Agreement, including (without limitation): Yoga Joint products, services and programs; specifications or descriptions of Franchisor's products and services; lists of customers, employees and independent contractors; Franchisor's Manual and any Supplements to it; forms, advertising matter, marks, devices, signs, insignia, slogans and designs used in connection with the franchised Yoga Joint Studio; telephone number listed in any telephone directory under the name "YOGA JOINT," or any similar designation or directory listing relating to the franchised Yoga Joint Studio; and, the systems, procedures, techniques, criteria, concepts, designs, advertising and promotion techniques, specifications, and all other components, specifications and standards, which comprise (or in the future may comprise) a part of the Yoga Joint System.

3. Take all necessary action to cancel any assumed name or equivalent registration which contains the Proprietary Mark "YOGA JOINT," or any other Proprietary Mark of Franchisor, or any variant, within fifteen days following termination or expiration of this Agreement. If Franchisee fails or refuses to do so, Franchisor may, in Franchisee's name, on Franchisee's behalf and at Franchisee's expense, execute all documents necessary to cause discontinuance of Franchisee's use of the name "YOGA JOINT," or any related name used under this Agreement. Franchisee irrevocably appoints Franchisor as Franchisee's attorney-in-fact to do so.

4. Upon any termination of this Agreement by Franchisor, Franchisor will have the right immediately to enter and take possession of Franchisee's Yoga Joint Studio to maintain continuous operation of the previously-franchised Yoga Joint Studio, provide for orderly change of management and disposition of personal property, and otherwise protect Franchisor's interests. If Franchisee disputes the validity of Franchisor's termination of the franchise, Franchisor will nevertheless have the option (which Franchisee irrevocably grants) to operate the Yoga Joint Studio pending the final, unappealed determination of the dispute by a court of competent jurisdiction. If a court of competent jurisdiction makes a final, unappealed determination that the termination was not valid, Franchisor agrees to make a full and complete accounting for the period during which it operated the previously-franchised Yoga Joint Studio.

5. In the event of termination for any default by Franchisee or of termination by Franchisee through failure to make payment following notice to cure, pay to Franchisor all expenses it incurs as a result of the default or termination, including all damages, costs, and expenses, and reasonable attorneys' and experts' fees.

6. At Franchisor's option, which is exercisable in writing within thirty (30) days from the

date of expiration or termination of this Agreement, or if termination is contested by Franchisee, within thirty (30) days after a court decides the propriety of the termination, assign to Franchisor any interest which Franchisee has in any Lease, right or entry or easement for the Yoga Joint Studio Location, and vacate the Yoga Joint Studio promptly and completely, rendering all necessary assistance to Franchisor to enable it to take prompt possession. During the thirty (30) day period following expiration or termination, and except as provided for in Section 17.B.4 or as otherwise instructed by Franchisor, Franchisee shall immediately close the franchised Yoga Joint Studio for business, and shall not take any action to remove, conceal, assign, transfer or sell, any Proprietary Marks, signs, equipment, furniture, fixtures, equipment or other tangible assets used in, or necessary for, the effective operation of the Yoga Joint Studio.

7. If Franchisee owns the Yoga Joint Studio Location, execute and deliver to Franchisor a lease for the Yoga Joint Studio Location on commercially reasonable terms. If the parties cannot agree on such terms within a reasonable time, Franchisor will designate an independent appraiser. The appraiser's determination will be binding, and Franchisee shall execute and deliver to Franchisor a lease for the Yoga Joint Studio Location on the terms determined by the appraiser to be commercially reasonable. Franchisor and Franchisee will each pay 50% of the fee charged by the independent appraiser. Upon its execution of the lease for the Yoga Joint Studio Location, Franchisee agrees to vacate the Yoga Joint Studio promptly and completely, rendering all necessary assistance to Franchisor to enable it to take prompt possession.

8. Immediately deliver to Franchisor all training or other manuals furnished to Franchisee (including the Manual and Supplements to the Manual), computer software and database material, customer lists, records and files, documents, instructions, display items, advertising and promotional material, any and all materials, signs and related items which bear Franchisor's Proprietary Marks or slogans or insignias or designs, advertising contracts, forms and other materials or property of Franchisor, and any copies of them in Franchisee's possession which relate to the operation of the franchised Yoga Joint Studio. Franchisee may retain no copy or record of any of these items, except for Franchisee's copy of this Agreement, any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law. Franchisee agrees that the foregoing items, materials, lists, files, software and other similar items will be deemed to be the property of Franchisor for all purposes.

9. Within fifteen days from the date of termination or expiration of this Agreement, or if termination is contested by Franchisee, within fifteen (15) days after a court decides the propriety of the termination, arrange with Franchisor for an inventory to be made by Franchisor, at Franchisor's cost, of all the personal property, fixtures, equipment, signs, inventory, supplies and any other tangible assets of Franchisee and the franchised Yoga Joint Studio, including, without limitation, all items bearing the Proprietary Marks. Franchisor will have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of these items for an amount equal to fair market value. "Fair market value" means depreciated book value or actual fair market value, whichever is less. If the parties cannot agree on a fair market value within a reasonable time, Franchisor will designate an independent appraiser. The appraiser's determination will be binding. Franchisor and Franchisee will each pay 50% of the fee charged by the independent appraiser. If Franchisor elects to exercise this option to purchase, it may set off all amounts due from Franchisee under this Agreement against any payments for the purchase. Franchisee shall not, for a period of thirty (30) days after termination or expiration of this Agreement, transfer, convey, assign or sell to any person or entity other than Franchisor, any of the fixtures, equipment, inventory, supplies and other tangible assets of Franchisee and the former franchised Yoga Joint Studio. Any conveyance, sale or transfer of any of the fixtures, equipment, inventory and supplies of Franchisee and the former franchised Yoga Joint Studio during this time shall be null and void.

10. Immediately execute all agreements necessary to effectuate the termination in a prompt and timely manner.

11. Cease using the telephone numbers listed in the Yellow Pages, White Pages or any other telephone or online directories under the name "YOGA JOINT," or any other confusingly similar

name or directory listing relating to the franchised Yoga Joint Studio. Franchisee agrees that Franchisor will have the absolute right to notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use all telephone numbers and all classified and other directory listings for the Yoga Joint Studio and to authorize the telephone company and all listing agencies to transfer to Franchisor or to any other person and location that Franchisor directs all telephone numbers and directory listings of the Yoga Joint Studio. Franchisee acknowledges and agrees that Franchisor has the absolute right and interest in and to all telephone numbers and directory listings associated with the Proprietary Marks, and Franchisee hereby authorizes Franchisor to direct the telephone company and all listing agencies to transfer Franchisee's telephone numbers and directory listings to Franchisor or to any other person and location that Franchisor directs, if this Agreement expires or is terminated. The telephone company and all listing agencies may accept this Agreement as evidence of the exclusive rights of Franchisor to such telephone numbers and directory listings and this Agreement will constitute the authority from Franchisee for the telephone company and listing agency to transfer all such telephone numbers and directory listings to Franchisor. This Agreement will constitute a release of the telephone company and listing agencies by Franchisee from any and all claims, actions and damages that Franchisee may at any time have the right to allege against them in connection with this Section. Franchisee agrees to execute such other documents as Franchisor may require to complete the transfer of the telephone numbers as contemplated herein.

12. Strictly comply with the post-termination/post-expiration covenants not to compete set forth in this Agreement.

13. Continue to abide by those restrictions pertaining to the use of Franchisor's Confidential Information, trade secrets and know-how set forth in this Agreement.

14. Immediately refrain from engaging in any contacts with customers or potential customers. Upon termination or expiration of this Agreement, Franchisee acknowledges and agrees that all customers shall thereafter belong to Franchisor or its assign.

15. Immediately surrender to Franchisor all computer software, data storage drives used in the operation of the Yoga Joint Studio, printouts, and other information pertaining to Franchisor's proprietary software and technology. Franchisee agrees not to destroy, damage, hide or take any steps to prevent Franchisor from obtaining any information which Franchisee had stored in the computer system of the franchised Yoga Joint Studio. Franchisee agrees not to retain any printouts, files or drives containing any of the programs or data stored in the computer system.

16. If Franchisor elects not to assume possession of the Yoga Joint Studio, then promptly upon termination or expiration, Franchisee agrees to perform all reasonable redecoration and remodeling of the Yoga Joint Studio as Franchisor considers necessary in its reasonable judgment to distinguish the former Yoga Joint Studio from a Yoga Joint business.

C. The expiration or termination of this Agreement will be without prejudice to Franchisor's rights against Franchisee, and will not relieve Franchisee of any of its obligations to Franchisor at the time of expiration or termination, or terminate Franchisee's obligations which by their nature survive the expiration or termination of this Agreement.

17.2 Notice of Termination to Customers

Franchisor shall have the sole right to notify all customers of Franchisee's Yoga Joint Studio of the termination or expiration of this Agreement at the time and in the manner determined by Franchisor. Franchisee shall not give notice of the termination or the expiration of this Agreement to customers of the Yoga Joint Studio without Franchisor's prior written consent. All existing customers of the Yoga Joint Studio shall be the property of Franchisor. Franchisee shall assist Franchisor in transferring the accounts for all customers to Franchisor or its designee upon the termination or expiration of this Agreement at such times and in the manner designated by Franchisor.

18. WAIVER AND DELAY

No waiver or delay in either party's enforcement of any breach of any term, covenant or condition of this Agreement will be construed as a waiver by that party of any preceding or succeeding breach, or any other term, covenant or condition of this Agreement. Without limiting any of the foregoing, the acceptance of any payment specified to be paid by Franchisee under this Agreement will not be, nor be construed to be, a waiver of any breach of any term, covenant or condition of this Agreement.

19. FRANCHISOR'S WITHHOLDING OF CONSENT

In no event may Franchisee make any claim for money damages based on any claim or assertion that Franchisor has unreasonably withheld or delayed any consent or approval to a proposed act by Franchisee under the terms of this Franchise Agreement. Franchisee waives any such claim for damages. Franchisee may not claim any such damages by way of setoff, counterclaim or defense. Franchisee's sole remedy for the claim will be an action or proceeding to enforce the Agreement provisions, for specific performance or for declaratory judgment.

20. INTEGRATION OF AGREEMENT

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, understandings, representations and agreements. Franchisee acknowledges that it is entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of its own independent investigation of the franchised Yoga Joint Studio and not as a result of any representations about Franchisor made by its shareholders, officers, directors, employees, agents, independent contractors or other Yoga Joint franchisees which are contrary to the terms set forth in this Agreement or of any offering circular, prospectus, disclosure document or other similar document required or permitted to be given to Franchisee pursuant to applicable law.

This Agreement may not be amended orally, but may be amended only by a written instrument signed by the parties. Franchisee expressly acknowledges that no oral promises or declarations were made to it and that the obligations of Franchisor are confined exclusively to the terms in this Agreement. Franchisee understands and assumes the business risks inherent in this enterprise.

This provision shall not serve to waive reliance on any representation made by Franchisor in the disclosure document or in its exhibits or amendments. Neither shall it serve to disclaim liability for statements authorized by Franchisor in its disclosure document.

21. NOTICES

Any notice required or permitted to be given under this Agreement shall be in writing; shall be delivered to the other party personally, by certified mail (and return receipt requested, postage prepaid), by overnight mail and with a copy sent by electronic mail; and, will be effective on the date that delivery is documented to have been first attempted. Any notice to Franchisor shall be addressed to Franchisor at:

Yoga Joint Franchising, LLC
Attn: Bernie Zarco
698 W. Yamato Road
Boca Raton, Florida 33431
E-Mail: Bernie@yogajoint.com

With copy to:
Zarco Einhorn & Salkowski, P.A.
2 S. Biscayne Blvd., Suite 3400
Miami, Florida 33131
E-Mail: RZarco@zarcolaw.com

Any notice to Franchisee shall be addressed to Franchisee at the Yoga Joint Studio Location or the address listed below, with a copy sent to the e-mail address that Franchisor assigns to the principal owner of Franchisee:

E-Mail: _____

Either party to this Agreement may, in writing, on ten (10) days notice, inform the other of a new or changed address or addressee(s) to which notices under this Agreement should be sent.

22. MISCELLANEOUS

22.1 Construction and Interpretation; Further Acts

The titles and subtitles of the various articles and sections of this Agreement are inserted for convenience and will not affect the meaning or construction of any of the terms, provisions, covenants and conditions of this Agreement.

The language of this Agreement will in all cases be construed simply according to its fair and plain meaning and not strictly for or against Franchisor or Franchisee.

It is agreed that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision will have the meaning which renders it valid.

Since the words "Franchisor" and "Franchisee" in this Agreement may be applicable to one or more parties, the singular will include the plural, and the masculine will include the feminine and neuter. If more than one party or person is referred to as "Franchisee" under this Agreement, then their obligations and liabilities under this Agreement will be joint and several.

The parties agree to execute all other documents and perform all further acts necessary or desirable to carry out the purposes of this Agreement.

Each reference in this Agreement to a corporation or partnership will also refer to a limited liability company and any other entity or similar organization. Each reference to the organizational documents, shareholders, directors, officers and stock of a corporation in this Agreement will also refer to the functional equivalents of the organizational documents, shareholders, directors, officers and voting rights, as applicable, in the case of a limited liability company or any other entity or similar organization.

22.2 Severability

Nothing contained in this Agreement may be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter will prevail, but the affected provision of this Agreement will be curtailed and limited only to the extent necessary to bring it within the requirement of the law. If any article, section, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the entire Agreement will not fail for this reason, and the balance of the Agreement will continue in full force and effect. If any court of competent jurisdiction deems any provision of this Agreement (other than for the payment of money) unreasonable, the court may declare a reasonable modification of this Agreement and this Agreement will be valid and enforceable, and the parties agree to be bound by and perform this Agreement as so modified.

22.3 Counterparts

This Agreement may be executed in any number of counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the parties and delivered to the other parties. This Agreement may be executed and delivered by facsimile, by portable document format (.pdf), or other electronic signature, shall be binding upon any party so confirming shall be deemed original signatures, and the receiving party may rely on the receipt of such document so executed and delivered electronically or by facsimile as if the original had been received. Each party agrees to not contest the admissibility or enforceability of the electronically signed copy of this Agreement in any proceeding arising out of the terms and conditions of this Agreement.

23. COSTS OF ENFORCEMENT; ATTORNEYS' FEES; GOVERNING LAW; VENUE; MEDIATION

23.1 Costs of Enforcement

Franchisor will be entitled to recover from Franchisee reasonable attorneys' fees, experts' fees, court costs and all other expenses of litigation, if Franchisor prevails in any action instituted against Franchisee to secure or protect Franchisor's rights under this Agreement, or to enforce the terms of this Agreement.

23.2 Attorneys' Fees

If Franchisor becomes a party to any action or proceeding concerning this Agreement or the franchised Yoga Joint Studio due to any act or omission of Franchisee or its authorized representatives and not to any act or omission of Franchisor or its authorized representatives, or if Franchisor becomes a party to any litigation or any insolvency proceedings pursuant to the bankruptcy code or any adversary proceeding in conjunction with an insolvency proceeding with respect to Franchisee or the franchised Yoga Joint Studio, then Franchisee will be liable to Franchisor for the reasonable attorneys' fees, experts' fees and court costs incurred by Franchisor in the action or proceeding, regardless of whether the action or proceeding proceeds to judgment. In addition, Franchisor will be entitled to add all costs of collection, interest, attorneys' fees and experts' fees to its proof of claim in any insolvency proceedings filed by Franchisee.

23.3 Governing Law

This Agreement; all relations between the parties; and, any and all disputes between the parties, whether sounding in contract, tort, or otherwise, is to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of Florida without recourse to Florida choice of law or conflicts of law principles. Nothing in this Section is intended to invoke the application of any franchise or similar law, rule or regulation of the State of Florida or any other state, which would not otherwise apply.

23.4 Arbitration

Except as qualified in Section 23.5 below, any dispute between Franchisor and Franchisee or any of Franchisor's or Franchisee's affiliates or owners arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or Franchisee's Yoga Joint Studio must be submitted to binding arbitration by JAMS, Inc. under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current the Federal Rules of Civil Procedure and the Federal Rules of Evidence. The arbitration must take place in Miami, Florida. Any arbitration must be resolved on an individual basis and not joined as part of a class action of the claims of other parties. The decision of the arbitrators will be final and binding to the dispute; however the arbitrators may not under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; or (ii) assess punitive or exemplary damages. The arbitration award will be final and binding on the parties, and judgment on the award may be entered in any federal or state court having jurisdiction.

23.4 Injunctive Relief

Franchisee recognizes that the he Yoga Joint Studio is one of a number of Yoga Joint studios identified by the Proprietary Marks, and the failure on the part of a single franchisee to comply with the terms of its

agreement could cause irreparable damage to Franchisor and/or to some or all of Franchisor's other franchisees. Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by Franchisee, Franchisor will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance, without showing or proving any actual damage, together with recovery of Franchisor's reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrator. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that the parties might otherwise have by virtue of any breach of this Agreement by the other party. Finally, Franchisor has the right to commence a civil action against Franchisee or take other appropriate action for the following reasons: to restrain a breach or threatened breach of any of the terms of this Agreement by Franchisee; to collect sums of money due to Franchisee; to compel Franchisee's compliance with trademark standards and requirements to protect the goodwill of the Proprietary Marks; to compel Franchisee to compile and submit required reports to Franchisor; or to permit evaluations or audits authorized by this Agreement.

23.6 Venue

Any cause of action, claim, suit or demand allegedly arising out of or related to this Agreement, the Yoga Joint Studio, or the relationship of the parties that is not subject to arbitration under Section 23.4, must be instituted exclusively in a court of competent jurisdiction in Miami-Dade County, Florida. The parties irrevocably consent and agree to submit to the exclusive jurisdiction of the courts of Miami-Dade County, Florida.

23.7 Waiver of Jury Trial; Individual Dispute Resolution

ALL PARTIES HEREBY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY ARISING FROM OR IN CONNECTION WITH THE ENFORCEMENT OR INTERPRETATION BY JUDICIAL PROCESS OF ANY PROVISION OF THIS AGREEMENT, THE RELATIONSHIP BETWEEN THE PARTIES, AND IN CONNECTION WITH ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION OR SIMILAR CAUSES OF ACTION OR ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF DAMAGES FOR ANY CLAIMS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES, WHETHER NOW EXISTING OR ARISING IN THE FUTURE.

In addition, the parties agree that the relationship contemplated by this Agreement is a unique and individual relationship between the parties and will be characterized by unique circumstances, actions and experiences that relate only to Franchisee and Franchisee's relationship with Franchisor. Therefore, Franchisee and Franchisor agree that any litigation between or among the parties to this Agreement and any of their respective owners, officers, directors, members, managers, employees, or representatives will be conducted on an individual basis and not on a consolidated or class-wide basis with any other current or former franchisee of Franchisor. This Section will survive termination of this Agreement.

23.8 Punitive Damages

In no event will Franchisor be liable to Franchisee for punitive, special, consequential or exemplary damages in any action arising out of or relating to this Agreement, or any breach, termination, cancellation or non-renewal of this Agreement, and Franchisee hereby waives any such damages. In any action arising out of or relating to this Agreement, or any breach, termination, cancellation or non-renewal of this Agreement, Franchisee shall be limited to recovering its actual damages only.

23.9 Agreed Limitations

Except for payments owed by Franchisee to Franchisor or its affiliates under this Agreement, indemnity claims under Section 15.2, claims related to the unauthorized use of Confidential Information or the Proprietary Marks, claims attributable to Franchisee's underreporting of sales, or claims related to an act of Franchisee allowing Franchisor to immediately terminate this Agreement, any legal action or arbitration proceeding brought or instituted with respect to or arising out of this Agreement or the relationship between the parties, must be

brought or commenced within a period of two (2) years from the date upon which the party seeking to bring the action discovered, or should have discovered, the facts giving rise to the alleged claim(s).

24. SURVIVAL

Any provision of this Agreement which imposes an obligation following the termination or expiration of this Agreement will survive the termination or expiration and will continue to be binding upon the parties to this Agreement.

This Agreement will be binding upon and inure to the benefit of the parties, their heirs, successors and assigns.

25. SUBMISSION OF AGREEMENT

The submission of this Agreement does not constitute an offer. This Agreement will become effective only upon the execution of this Agreement by Franchisor and Franchisee. The date of execution by Franchisor will be considered the date of execution of this Agreement.

THIS AGREEMENT WILL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF FRANCHISOR.

FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS OR PROMISES WERE MADE TO IT OTHER THAN THOSE SET FORTH IN FRANCHISOR'S DISCLOSURE DOCUMENT, AND THAT IF ANY OTHER REPRESENTATIONS OR PROMISES WERE MADE TO FRANCHISEE, FRANCHISEE IS NOT RELYING ON THEM.

FRANCHISEE HAS READ ALL OF THE FOREGOING AGREEMENT AND ACCEPTS AND AGREES TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS OF THE FOREGOING AGREEMENT.

[Signatures on following page]

Signature page to Franchise Agreement:

Dated: _____

FRANCHISEE:

By: _____

Print Name: _____

Its: _____

By: _____

Print Name: _____

Its: _____

Dated: _____

FRANCHISOR:

YOGA JOINT FRANCHISING, LLC

By: _____

Print Name: _____

Its: _____

Ownership Addendum to Franchise Agreement

1. If Franchisee is a corporation, limited liability company or partnership, set forth below are the names and addresses of each shareholder, member or partner in Franchisee:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST

2. You represent and warrant to us that the following person is the Operating Partner:

Name:

Title:

Address:

Percentage of Interest:

3. Franchisee shall notify Franchisor in writing within ten (10) days of any change in the information set forth in subparagraphs (1) through (2) above.

4. Franchisee promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee.

5. Franchisee shall cause all of its current and future shareholders, members and partners to execute Franchisor's standard form of Guaranty.

This Addendum is effective as of this _____ day of _____, 20____.

Franchisee: _____

By: _____

Print Name: _____

Its: _____

**EXHIBIT A TO FRANCHISE AGREEMENT
SITE SELECTION AREA, LOCATION AND TERRITORY**

Site Selection Area

The Site Selection Area as defined in Section 1.2 of the Franchise Agreement shall be:

_____ (the "Site Selection Area").

Location

The Location as defined in Section 1.1 of the Franchise Agreement shall be:

_____ (the "Location").

Territory

The Territory as defined in Section 1.2 of the Franchise Agreement shall be

_____ (the "Territory").

Dated: _____

Franchisor: Yoga Joint Franchising, LLC

By: _____

Print name: _____

As: _____

Dated: _____

Franchisee: _____

By: _____

Print name: _____

As: _____

Exhibit B to Franchise Agreement

ELECTRONIC FUNDS TRANSFER AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO YOGA JOINT FRANCHISING, LLC ("PAYEE")

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty days prior written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken according to the above authorization:

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose for payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee under the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name of Depository (full name of bank and address): _____

Name of Depositor: _____

Designated Bank Acct. No.: _____
(Please attach one voided check for the above account)

Bank Routing Number: _____

Principal Business Address: _____

Phone #: _____

Fax #: _____

Name of Franchisee/Depositor (please print): _____

By: _____
Signature and Title of Authorized Representative

Date: _____

**EXHIBIT C TO FRANCHISE AGREEMENT
CONFIDENTIALITY AGREEMENT
(For instructors and employees to sign)**

This Confidentiality Agreement (“**Agreement**”) is made and entered into this ____ day of _____, 20____ (the “**Effective Date**”), by and between _____ (“**Company**”), and _____ (“**Disclosee**”), as of the date written above.

RECITALS

A. Yoga Joint Franchising, LLC (“**Franchisor**”) owns the rights to and has granted the Company the non-exclusive license to use the “YOGA JOINT” trademarks, trade names, service marks and logos (“**Marks**”), the business systems identified by such Marks (the “**System**”), and certain confidential information, for the operation of the Company’s franchised Yoga Joint studio (the “**Yoga Joint Studio**”).

B. In connection with Disclosee’s employment or engagement by the Company as an instructor, manager, or other employee of the Yoga Joint Studio, Disclosee will receive access to and become acquainted with certain confidential and/or proprietary information of Franchisor. As a condition to receiving this confidential and/or proprietary information, and as a material inducement for the Company and Franchisor to disclose Franchisor’s confidential and/or proprietary information to Disclosee, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by Disclosee, Disclosee agrees to be bound by the following representations, warranties and covenants, to be effective, during and at all times after Disclosee’s affiliation with the Company and the Yoga Joint Studio:

TERMS AND CONDITIONS

1. **Recitals.** The recitals contained herein are true and correct and are incorporated herein by reference.

2. **Confidential Information.** As used in this Agreement, “**Confidential Information**” includes, without limitation, various trade secrets, inventions, innovations, processes, software programs, know-how, information, records and specifications owned or licensed by Franchisor, its affiliated companies and its franchisees, and/or used by Franchisor, its affiliates or its franchisees, in connection with the System or the operation of the Yoga Joint Studio, including, without limitation, Franchisor’s and its affiliates’ business, product processes, methods, formulas, plans, customer lists, accounts, procedures and techniques, confidential manuals, advertising and marketing techniques, procedures and techniques, operational and quality assurance procedures, identities of current and prospective customers of the Yoga Joint Studio, and any other confidential and proprietary information of Franchisor or otherwise obtained by Disclosee which are based on or derived from, or which contain or reflect, any Confidential Information, regardless of the form in which such information is communicated, recorded or maintained.

Confidential Information shall not include information otherwise described above that Disclosee can establish: (a) is or becomes generally available to or known by the public (other than as a result of the unauthorized disclosure, directly or indirectly, by Disclosee or any of its employees, agents or advisors); (b) is or becomes available to Disclosee or any of its employees, agents or advisors on a non-confidential basis from a source other than the Company or Franchisor, provided that such source is not and was not bound by a confidentiality and/or

nondisclosure agreement with, or other similar obligation to, the Company or Franchisor; or (c) has been independently acquired or developed by Disclosee or any of its employees, agents or advisors without violating any of Disclosee's obligations under this Agreement.

3. Confidentiality. The Confidential Information shall be held and treated by Disclosee in utmost and strictest confidence. The Confidential Information shall not, without the prior written consent of the Company and Franchisor, be disclosed by Disclosee in any manner whatsoever, in whole or in part. Disclosee agrees that he or she will not disclose any of the Confidential Information, directly or indirectly, or use any of the Confidential Information in any manner, and at any time, other than for the specific purpose of managing the Yoga Joint Studio as required in the course of Disclosee's relationship with the Company. Disclosee shall not reproduce, or permit the reproduction, directly or indirectly, of any of the Confidential Information except as required by the Company and Franchisor. Each employee, agent or advisor of Disclosee to whom Confidential Information is disclosed shall be obligated to hold said information in confidence and otherwise to comply with the terms of this Agreement. Disclosee shall diligently monitor all access to Confidential Information, and upon request by the Company or Franchisor, Disclosee shall promptly furnish a list of individuals with access to the Confidential Information.

In the event that Disclosee becomes legally compelled or required to disclose any of the Confidential Information to a third party by order of a court or other authority of competent jurisdiction, Disclosee shall provide the Company and Franchisor with notice as far in advance as practicable so that the Company and/or Franchisor may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement, in the sole discretion of Franchisor. In any event, Disclosee will furnish only that portion of the Confidential Information which it is legally required to furnish.

Disclosee shall immediately advise the Company and Franchisor in writing if it learns of any unauthorized use or disclosure of Confidential Information by Disclosee, or by any person or entity, which disclosure would not be permitted if such person or entity were bound by the terms of this Agreement.

4. Ownership and Return of Information. The parties acknowledge and agree that all Confidential Information disclosed (including all Franchisor manuals) is confidential and proprietary to Franchisor and shall remain the exclusive property of Franchisor. At the request of Franchisor, Disclosee shall promptly return or destroy any and all Confidential Information including all copies thereof, on any storage medium whatsoever, in its possession or in the possession of any of its employees, agents or advisors and will not retain any copies or other reproductions in whole or in part of such material. **All manuals must be returned to Franchisor and may not leave the Yoga Joint Studio without prior permission. Absolutely no copies of manuals may be made.**

5. Remedies. The parties acknowledge and agree that the Confidential Information is a unique and valuable asset of Franchisor and that unauthorized disclosure or use of the Confidential Information may cause Franchisor and the Company irreparable harm and significant injury that may be difficult to ascertain. Accordingly, the parties understand and agree that, in addition to any other rights including the right to damages, Franchisor and/or the Company shall be entitled to equitable relief, in the event of any breach of this Agreement. In the event of a breach or threatened breach by Disclosee, Franchisor and/or the Company shall be entitled to injunctions restraining such breach, without being required to show any actual damage or to post any bond or other security, and/or to a decree for specific performance under this Agreement. Disclosee shall be responsible and held liable for any breach of this Agreement by its employees,

agents, contractors or other representatives.

6. Representations.

a. Disclosee represents, warrants, and confirms that the restrictions contained in this Agreement are fair and reasonable and not the result of overreaching, duress, or coercion of any kind.

b. Disclosee acknowledges and confirms that his or her special knowledge of Franchisor's System and the Yoga Joint Studio (and anyone acquiring such knowledge through Disclosee) is such as would cause Franchisor, its affiliates, its franchisees and the Company serious injury and loss if Disclosee (or anyone acquiring such knowledge through Disclosee) were to use such knowledge to the detriment of Franchisor, its affiliates, its franchisees and the Company.

c. The Agreement neither creates nor is intended to imply the existence of an employment contract and does not represent a promise or representation of employment or continued employment. Nothing in this Agreement shall change the nature of Disclosee's business relationship with the Company and/or affiliates.

7. Survival. The confidentiality provisions of this Agreement shall survive and apply after Disclosee's business relationship with the Company in connection with the Yoga Joint Studio has terminated.

8. Franchisor Third Party Beneficiary. The parties recognize the necessity of the Disclosee's compliance with the terms of this Agreement to Franchisor as the franchisor of the business operated by the Company. Accordingly, the Disclosee agrees and acknowledges that Franchisor is a third party beneficiary of the Disclosee's obligations hereunder and Franchisor is entitled to all rights and remedies conferred upon the Company or Franchisor hereunder, which Franchisor may enforce directly against the Disclosee with or without the consent or joinder of the Company.

9. Miscellaneous

a. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Notwithstanding the foregoing, neither party, except Franchisor, may assign its rights or obligations under this Agreement.

b. Non-Waiver. No delay or failure by either party to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right, unless otherwise expressly provided herein. No waiver of any provisions of this Agreement shall be effective unless it is in writing, signed by the party against whom it is asserted and any such written waiver shall only be applicable to the specific instance to which it relates and shall not be deemed to be a continuing or future waiver.

c. Attorneys' Fees, Costs and Expenses. In any action or proceeding to enforce this Agreement or arising out of or relating to the relationship between the parties, including any appeals or post judgment proceedings, the prevailing party shall be entitled to recover from the other party thereto the reasonable attorneys' fees, court costs, filing fees, publication costs and other expenses incurred by the prevailing party in connection therewith.

d. Venue, Jurisdiction and Governing Law. This Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of Florida. Venue for any litigation involving this Agreement or the relationship between the parties shall be Miami-Dade County, Florida. The parties agree to submit to the exclusive jurisdiction of the courts of Miami-Dade County, Florida.

e. Rule of Construction. The terms and conditions set forth in this Agreement are the product of mutual draftsmanship and/or review by the parties hereto, each having the opportunity to be represented by counsel. Any ambiguities in this Agreement or any agreement prepared or to be prepared pursuant to or in connection with this Agreement shall not be construed against any one party because of the draftsmanship. The Agreement shall be interpreted in a neutral fashion consistent with the intent of the parties as stated herein.

f. Severability. In the event that any court shall finally hold that any other provision stated in this Agreement constitutes an unreasonable restriction upon the Disclosee, the Disclosee hereby expressly agrees that the provisions of this Agreement shall not be rendered void, but shall apply to such other extent as such court may judicially determine or indicate constitutes a reasonable restriction under the circumstances involved. The Disclosee agrees that it shall forthwith comply with any covenant as so modified, which is fully enforceable to the extent permitted by applicable law. The obligations of the Disclosee to the Company and Franchisor are in addition to, and not in lieu of, any additional or more restrictive obligations the Disclosee may have to the Company and/or Franchisor in any other agreement.

g. Notices. Any notice, request, demand, instruction, or other communication to be given to any party to this Agreement, shall be in writing and shall be sent to the address below either by: e-mail; hand delivery; Federal Express or other reputable courier service, and shall be deemed effective on the date that delivery is documented to have first been attempted.

If to the Company:

Email: _____@_____

If to Disclosee:

Email: _____@_____

Unless and until written notice of a change of address is given in writing and received, the addresses as provided on the signature pages herein shall be deemed to continue in effect for all purposes. The addresses for the purposes of this section may be changed by giving written notice hereunder.

h. Modification of Agreement and Merger. This Agreement, including any exhibits attached hereto and made part hereof, constitutes the entire agreement of the parties with respect to the subject matter hereof. This Agreement may not be supplemented, modified or revised in any manner except by a single writing signed by all parties hereto, no additional

consideration required. There are no prior or contemporaneous oral promises, representations or agreements not set forth herein inducing entry into this Agreement and all prior negotiations, discussions, statements and representations are merged into this Agreement. The provisions of this paragraph cannot be modified by conduct, oral agreement or written agreement, unless signed by all parties hereto.

i. Time. In the event the Company and/or Franchisor should bring any legal action or other proceeding for the enforcement of this Agreement, the time for calculating the term of the restrictions herein shall not include the period of time commencing with the filing of legal action or other proceeding to enforce the terms of this Agreement hereof through the date of final judgment or final resolution, including all appeals, if any, of such legal action or other proceeding.

j. Authority to Sign. By signing this Agreement, each party represents and warrants to all other parties that its execution of this Agreement is duly authorized in accordance with applicable laws relating to such parties, that this Agreement is fully enforceable according to its terms against such executing party and that the individual executing on any corporation's behalf has the requisite power and authority to do so.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first written above.

Disclosee: _____

By:

The Company: _____

By:
As:

EXHIBIT D TO FRANCHISE AGREEMENT GUARANTY

In consideration of the execution by YOGA JOINT FRANCHISING, LLC ("Franchisor") of the Yoga Joint Franchise Agreement (the "Franchise Agreement"), dated the _____ day of _____, _____, between Franchisor and _____ ("Franchisee") and for other good and valuable consideration, including Franchisor's execution of or consent to the transfer of the Franchise Agreement, each of the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and set forth in said Franchise Agreement, including, but not limited to, the confidentiality, non-competition, non-solicitation and indemnification provisions, and in any other agreement(s) by and between Franchisee and Franchisor.

If more than one (1) person has executed this Guarantee, the term "the undersigned", as used herein, shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

The undersigned, individually and jointly, hereby agree to be personally bound by each and every covenant, term, condition, agreement and undertaking contained and set forth in said Franchise Agreement, and any other agreement(s) by and between Franchisee and Franchisor, and agree that this Guarantee shall be construed as though the undersigned and each of them executed agreement(s) containing the identical terms and conditions of the Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor.

The undersigned hereby agree, furthermore, that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder: (a) any term, covenant or condition of the Franchise Agreement may be amended, compromised, released or otherwise altered by Franchisor and Franchisee, and the undersigned do guarantee and promise to perform all the obligations of Franchisee under the Franchise Agreement as so amended, compromised, released or altered; (b) any guarantor of or party to the Franchise Agreement may be released, substituted or added; (c) any right or remedy under the Franchise Agreement, this Guarantee or any other instrument or agreement between Franchisor and Franchisee may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and, (d) Franchisor or any other person may deal in any manner with Franchisee, any of the undersigned, any party to the Franchise Agreement, or any other person.

Should Franchisee be in breach or default under the Franchise Agreement, or any other agreement(s) by and between Franchisee and Franchisor, Franchisor may proceed directly against any or each of the undersigned without first proceeding against Franchisee and without proceeding against or naming in such suit any other Franchisee, signatory to the Franchise Agreement, or any others of the undersigned.

Notice to or demand upon Franchisee or any of the undersigned shall be deemed notice to or demand upon Franchisee and all of the undersigned, and no notice or demand need be made to or upon any or all of the undersigned. The cessation of or release from liability of Franchisee or any of the undersigned shall not relieve any other Guarantors from liability hereunder, under the Franchise Agreement, or under any other agreement(s) between Franchisor and Franchisee, except to the extent that the breach or default has been remedied or moneys owed have been paid.

Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors or assigns, with respect to the Franchise Agreement, or any other agreement(s) by and between Franchisee and Franchisor, shall in no way modify or amend this Guarantee, which shall be continuing, absolute, unconditional and irrevocable.

It is understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee shall inure to the benefit of the Franchisor, its successors and assigns. This Guarantee may be assigned by Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

Guarantors agree to pay all of Franchisor's reasonable attorneys' fees and costs incurred in any collection or attempt to collect amounts due or to enforce provisions of the Franchise Agreement or this Guaranty.

This Guaranty shall be governed by and construed in accordance with the laws of the State of Florida. Franchisor may enforce its rights regarding this Guaranty in the courts of Miami-Dade County, Florida, to which venue and jurisdiction Guarantors hereby expressly consent and agree. Guarantors each irrevocably consent and submit to the jurisdiction and venue of such courts and agree to participate and be bound by the arbitration provisions of the Franchise Agreement.

Should any one (1) or more provisions of this Guarantee be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee effective as of the date of the Franchise Agreement.

Dated: _____

(Signature)

(Print Name)

Dated: _____

(Signature)

(Print Name)

Dated: _____

(Signature)

(Print Name)

EXHIBIT E TO FRANCHISE AGREEMENT LEASE ADDENDUM

This Lease Addendum dated _____, 20____, is entered into between _____ ("Landlord") and _____ ("Tenant").

RECITALS

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

B. Landlord acknowledges that Tenant has agreed to operate a Yoga Joint studio (the "Yoga Joint Studio") at the Premises pursuant to Tenant's Franchise Agreement (the "Franchise Agreement") with YOGA JOINT FRANCHISING, LLC ("Franchisor") under the name "Yoga Joint" or other name designated by Franchisor (the "Proprietary Marks").

C. The parties desire to amend the Lease in accordance with the terms and conditions contained in this Addendum to provide Franchisor the opportunity to preserve the Premises as a Yoga Joint studio as provided herein.

AGREEMENT

Landlord and Tenant agree as follows:

1. After the expiration or termination of the Franchise Agreement for any reason, Franchisor shall have the option for thirty (30) days to cure any defaults; at Franchisor's election, either to assume the obligations of and replace Tenant as the lessee under the Lease, or to have another franchisee of Franchisor assume the obligations of and replace Tenant as the lessee under the Lease; and, if Franchisor has assumed the obligations of and replaced Tenant as the lessee under the Lease, to reassign the Lease to another franchisee of Franchisor.

2. The Landlord will furnish to Franchisor written notice specifying any default by the Tenant and the method of curing the default; allow Franchisor thirty (30) days after receipt of the notice to cure the defaults (except that if the default is the non-payment of rent, Franchisor will have only fifteen (15) days from receipt of notice to cure the default); and, allow Franchisor to exercise its option for Franchisor or another franchisee of Franchisor to succeed to Tenant's interest in the Lease.

3. The Landlord will accept Franchisor or another franchisee of Franchisor designated by Franchisor as a substitute tenant under the Lease upon notice from Franchisor that it is exercising its option for Franchisor or another franchisee of Franchisor to succeed to Tenant's interest in the Lease and/or to reassign the Lease to another franchisee of Franchisor following Franchisor's assumption of obligations under the Lease.

4. The Landlord acknowledges that Tenant alone is responsible for all debts, payments and performances under the Lease before Franchisor or another franchisee of Franchisor takes actual possession of the premises and Landlord shall not require Franchisor to satisfy any past-due obligations of Tenant as a condition of assignment to Franchisor.

5. The Lease may not be modified or amended without Franchisor's prior written consent. The Landlord will promptly provide Franchisor with copies of all proposed modifications or amendments and true and correct copies of the executed modifications and amendments.

6. The Landlord may, upon the written request of Franchisor, disclose to Franchisor all reports, information or data in the Landlord's possession (as applicable) with respect to sales made in, upon or from the leased Premises.

7. Following the expiration or termination of the Franchise Agreement for any reason, Franchisor may enter the premises to remove its Proprietary Marks and other proprietary property or property containing the Proprietary Marks.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the dates written below.

TENANT:

By: _____

Print name: _____

Its: _____

LANDLORD:

By: _____

Print Name: _____

Its: _____

EXHIBIT F TO FRANCHISE AGREEMENT SECURITY AGREEMENT

In consideration of the execution by Franchisor of the Yoga Joint Franchise Agreement (the "Franchise Agreement"), dated the _____ day of _____, between YOGA JOINT FRANCHISING, LLC ("Secured Party") and _____ ("Debtor"), and for other good and valuable consideration, the Parties hereby agree as follows:

1. Background.

Secured Party, as Franchisor, and Debtor, as Franchisee, are parties to the Franchise Agreement pursuant to which, among other things, Debtor is obligated to pay, from time to time, certain sums to Secured Party. In order to induce Secured Party to enter into the Franchise Agreement, Debtor, among other things, is entering into this Security Agreement pursuant to which Debtor's payment and performance of all obligations under the Franchise Agreement are secured on the terms and conditions hereinafter provided for. Capitalized terms, which are defined in the Franchise Agreement, shall have the same meaning herein.

2. Security Interest.

To secure the payment and performance by Debtor of all obligations and liabilities under the Franchise Agreement (such payment and performance of such obligations and liabilities being hereinafter collectively referred to as the "Obligations"), Debtor shall and hereby does grant, convey, assign and transfer to Secured Party, a security interest in and to the Franchise Agreement and all signs and other appurtenances and other property, real and personal, bearing any of the Proprietary Marks used at, located on or affixed to the Yoga Joint studio business (the "Yoga Joint Studio"), and all equipment, fixtures, furnishings and improvements located at the Yoga Joint Studio, or owned or hereafter acquired by Debtor, and the Gross Revenue (as defined in the Franchise Agreement), of the Yoga Joint Studio (the "Collateral").

3. Default.

3.1 Definitions. The term "Event of Default," as used herein, shall mean the occurrence and continuation of any one or more of the following events:

- (a) Any failure of Debtor to promptly and faithfully pay, observe and perform, when due, any of the Obligations;
- (b) If Debtor becomes insolvent, commits an act of bankruptcy, files a voluntary petition in bankruptcy, or an involuntary petition in bankruptcy is filed, or a permanent or temporary receiver or trustee for the Yoga Joint Studio, or all or substantially all of the Debtor's property is appointed by any court and such appointment is not actively opposed through legal action, or Debtor makes an assignment or arrangement for the benefit of creditors, or calls a meeting of creditors, or Debtor makes a written statement to the effect that he, she or it is unable to pay his, her or its debts as they become due, or a levy of execution is made upon Debtor, or an attachment or lien outstanding with respect to the Yoga Joint Studio for thirty (30) days, unless the attachment or lien is being duly

contested in good faith by Debtor, and Secured Party is so advised in writing;

- (c) If Debtor loses possession or the right of possession of all or a significant part of the Yoga Joint Studio through condemnation or casualty and the Yoga Joint Studio is not relocated or reopened as required by the Franchise Agreement; or
- (d) If Debtor is a corporation, partnership, joint venture, or other legal entity, and any action is taken which purports to merge, consolidate, dissolve, or liquidate Debtor without the prior written consent of Secured Party.

3.2 Remedies. Upon the occurrence of an Event of Default, all amounts payable to Secured Party shall become immediately due and payable and Secured Party shall have all the rights and remedies of a secured party under the Uniform Commercial Code as in effect in the state or states in which the Collateral may be located, including the right to enter upon the Yoga Joint Studio peaceably and remove all Collateral. Secured Party shall give Debtor reasonable notice of the time and place of any public or private sale or other intended disposition of all of any particular Collateral, as the case may be. Debtor agrees that the requirement of reasonable notice shall be met if notice is mailed to Debtor at its address listed in Section 21 of the Franchise Agreement not less than five (5) business days prior to the sale or other disposition. Expenses of retaking, holding, preparing for sale, selling or the like, shall include, without limitation, Secured Party's reasonable attorneys' fees and other legal expenses. Secured Party's rights and remedies, whether pursuant hereto or pursuant to the Uniform Commercial Code or any other statute or rule of law conferring rights similar to those conferred by the Uniform Commercial Code, shall be cumulative and not alternative.

4. Notices.

Any notice, request or other communication to either party by the other as provided for herein shall be given in writing and shall be deemed given on the date the same is: (i) actually received; or (ii) mailed by overnight mail or certified or registered mail, return receipt requested, postage prepaid and addressed to the addresses set forth in Section 21 of the Franchise Agreement. The person and the place to which notices or copies of notices are to be mailed to either party may be changed from time to time by such party by written notice to the other party.

5. Venue, Jurisdiction and Governing Law. This Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of Florida. Venue for any litigation involving this Agreement or the relationship between the parties shall be exclusively in Miami-Dade County, Florida. The parties agree to submit to the exclusive jurisdiction of the courts of Miami-Dade County, Florida.

6. Miscellaneous.

- 6.1 This Security Agreement shall inure to the benefit of, and shall be binding upon the respective successors, assigns and legal representatives of the

parties hereto.

- 6.2 The captions used herein are inserted for reference purposes only and shall not affect the interpretation or meaning of this Security Agreement.
- 6.3 Debtor hereby authorizes Secured Party, from time to time, to file financing statements in such form as may be necessary to perfect the security interest in the Collateral in any or all pertinent jurisdictions and in this regard, to execute said financing statements for itself (as secured party) and for Debtor (as debtor), as Debtor's agent. Upon Secured Party's request, Debtor shall execute any such financing statement as debtor.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Security Agreement as of the day and year first above written.

SECURED PARTY:

YOGA JOINT FRANCHISING, LLC

By: _____

(print name)

As its: _____

DEBTOR:

By: _____

(print name)

As its: _____

EXHIBIT G TO FRANCHISE AGREEMENT

ADDENDUM TO FRANCHISE AGREEMENT

FOR THE FOLLOWING STATES: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

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

**ADDENDUM TO FRANCHISE AGREEMENT
FOR CALIFORNIA FRANCHISEES**

This Addendum ("Addendum") is entered into this _____, 20____ (the "Effective Date"), between YOGA JOINT FRANCHISING, LLC, a Florida limited liability company ("Franchisor"), and _____, a _____ (referred to in this Addendum as "Franchisee") and amends the Franchise Agreement between Franchisor and Franchisee dated as of the Effective Date (the "Franchise Agreement"), as follows:

1. **Interest.** In Section 9.11 of the Franchise Agreement, "18%" is amended to "10%."
2. **Cure Period.** In Section 16.3 of the Franchise Agreement, "fifteen (15) calendar days" is amended to "60 days".
3. **No Disclaimer or Waiver as to Fraud in the Inducement.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
4. **Deferral of Initial Fees.** Notwithstanding anything in the Franchise Agreement to the contrary, the California Department of Financial Protection and Innovation has determined that we, the franchisor, has not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.
5. **Precedence and Defined Terms.** Terms not otherwise defined in this Addendum shall have the meanings as defined in the Franchise Agreement.

Intending to be bound, Franchisor and Franchisee sign and deliver this Addendum for California Franchisees effective on the Effective Date.

FRANCHISOR:
Yoga Joint Franchising , LLC

FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

As its: _____

As its: _____

ADDENDUM TO FRANCHISE AGREEMENT FOR ILLINOIS FRANCHISEES

This Addendum ("Addendum") is entered into this _____, 20____ (the "Effective Date"), between YOGA JOINT FRANCHISING, LLC, a Florida limited liability company ("Franchisor"), and _____, a _____ (referred to in this Addendum as "Franchisee") and amends the Franchise Agreement between Franchisor and Franchisee dated as of the Effective Date (the "Franchise Agreement"), as follows:

1. Illinois law governs the Franchise Agreement.
2. Payment of Initial Franchise Fee will be deferred until Franchisor has met its initial obligations and Franchisee has commenced business operations. In no event shall the Initial Franchise Fee be due any later than the date that Franchisee commences operation of the business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.
3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, arbitration may take place outside of Illinois.
4. Franchisees' rights upon Termination and Non-Renewal are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.
5. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
6. Terms not otherwise defined in this Addendum shall have the meanings as defined in the Franchise Agreement.

Intending to be bound, Franchisor and Franchisee sign and deliver this Addendum for Illinois Franchisees effective on the Effective Date.

FRANCHISOR:
Yoga Joint Franchising, LLC

FRANCHISEE :

By: _____

By: _____

Name: _____

Name: _____

As its: _____

As its: _____

Exhibit “C”

Area Development Agreement and Exhibits



Yoga Joint

AREA DEVELOPMENT AGREEMENT

Developer: _____

Date: _____

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EXHIBITS

- A. Area Development Fee / Development Area
- B. Minimum Development Obligations
- C. Ownership Interest
- D. Guaranty

State Addenda

AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (the "Agreement") is made and entered into this ____ day of _____, _____ (the "Effective Date"), between YOGA JOINT FRANCHISING, LLC, a Florida limited liability company with its principal office at 698 W. Yamato Road, Boca Raton, Florida 33431 ("Franchisor") and _____, a _____, whose principal address is _____ ("Developer").

RECITALS

WHEREAS, Franchisor has acquired and developed a System (as defined below) for the establishment and operation of heated boutique yoga and fitness studios operating under the name and service mark YOGA JOINT® and using Franchisor's Yoga Joint teacher training program (the "System").

WHEREAS, the System may include, among other things, the following elements, all or some of which may be deleted, changed, improved or further developed by Franchisor from time to time as Franchisor deems necessary:

Methods, systems and procedures necessary to operate a franchised Yoga Joint studio ("Yoga Joint Studio"), including, but not limited to, advertising, sales techniques, proprietary software and technology, proprietary equipment, materials, signs, control systems; bookkeeping and accounting methods and other recommended and suggested methods of business operation;

Plans and specifications for exterior signage, equipment, technology, and marketing techniques and materials;

A uniform method of operating, which is described in the Manual;

Distinctive and characteristic trade names, trade dress, trademarks and service marks, including, but not limited to: "YOGA JOINT®," and other related trademarks, trade names, service marks, logotypes, insignias, signs, designs, color schemes, standardized premises featuring characteristic exterior style, colors, and design, interior design and furnishings, and emblems as Franchisor designates in the Manual or otherwise in writing or as prescribed for use with the Yoga Joint System and as may from time to time be developed as Franchisor deems necessary (the "Marks"); and

Such exclusive confidential information and trade secrets as has been and may from time to time be developed, and which are disclosed by Franchisor to its franchisees in confidence in connection with the construction and operation of a Yoga Joint Studio.

WHEREAS, Franchisor desires to expand and develop Yoga Joint Studios, and seeks sophisticated and efficient multi-unit developers willing to develop numerous Yoga Joint Studios within designated areas.

WHEREAS, Developer desires to be granted the opportunity and undertake the obligation, subject to the terms and conditions of this Agreement, to develop franchised Yoga Joint Studios in a limited geographic area more particularly described in Exhibit A hereto ("Development Area").

WHEREAS, Franchisor is willing to grant Developer the opportunity to develop Yoga Joint Studios in the Development Area, subject to the terms and conditions of this Agreement. The operation of each Yoga Joint Studio will be governed by a separate franchise agreement.

WHEREAS, Developer understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations, and service and the necessity of developing Yoga Joint Studios in strict conformity with this Agreement and Franchisor's requirements.

NOW, THEREFORE, the parties in consideration of the undertaking and commitments set forth in this Agreement, agree as follows:

1. GRANT OF DEVELOPMENT RIGHTS

1.1 Grant of Development Rights

A. Subject to the provisions of this Agreement, Franchisor hereby grants to Developer, and Developer hereby accepts, the right and obligation to develop within the Development Area designated in Exhibit A to this Agreement the cumulative number of Yoga Joint Studios ("Studio" or "Studios") identified in Exhibit B to this Agreement (as set forth in Section 2.1) during the term of this Agreement ("Development Term").

B. Upon the timely completion of the Studios identified in Exhibit B to this Agreement (the "Specified Studios"), Franchisor may, in its sole discretion, grant Developer the right to develop and open such additional number of Studios within the Development Area ("Additional Studios") as Developer may elect and as approved by Franchisor. Franchisor's decision to grant Developer the right to develop and open Additional Studios shall be subject to the following conditions:

- (i) Developer shall have timely opened all Specified Studios in accordance with the Development Schedule set forth in Exhibit B, without extension;
- (ii) Developer shall not then be in default under this Agreement, the franchise agreement for each Studios, any other agreement involving the operation of a Studios, including any lease, or any other agreement with Franchisor or its affiliates;
- (iii) Developer demonstrates that it has the financial and managerial ability necessary, among other things, in Franchisor's reasonable judgment, to develop and operate Additional Studios;
- (iv) The locations for such Additional Studios are approved by Franchisor;
- (v) Developer and Franchisor shall have agreed on the number of Additional Studios and the time frame for opening such Additional Studios; and
- (vi) Developer shall sign the then-current franchise agreement and additional agreements for such Additional Studios as Franchisor shall then require.

1.2 Development Right Only

This Agreement is not a license or a franchise agreement. It does not give Developer the right to operate Studios or to use any part of the System, or the Marks. In addition, this Agreement does not give Developer the right to license others to operate Studios or use any part of the System or the Marks. This Agreement grants Developer the right, and Developer accepts the obligation, to timely develop the Specified Studios at locations solely within the Development Area approved by Franchisor. Each Studio developed pursuant to this Agreement shall be established and operated only in strict accordance with a separate franchise agreement. Developer's right to use any part of the System or the Marks shall only be derived under a franchise agreement with Franchisor. Developer hereby acknowledges and agrees that the System and the Marks are solely owned by and are the valuable property right of Franchisor and/or its affiliates. Any unauthorized use of the System and the Marks shall constitute a material breach of this Agreement and an infringement of Franchisor's (and/or its affiliate's) rights in and to the System and the Marks.

1.3 No Subfranchising by Developer

Developer shall not offer, sell, or negotiate the sale of Yoga Joint Studio franchises to any third party, either in Developer's own name or in the name and on behalf of Franchisor, or otherwise subfranchise, share, divide or partition this Agreement, and nothing in this Agreement will be construed as granting Developer the right to do so.

1.4 Forms of Agreement

Developer acknowledges that, over time, Franchisor will enter into agreements with other developers and with franchisees that may contain provisions, conditions, and obligations that differ materially from those contained in this Agreement. The existence of different forms of agreements and the fact that Franchisor and other developers and franchisees may have different rights and obligations does not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

1.5 Reservation of Rights

Except as expressly limited by Section 1.6 below, Franchisor and its affiliates retain all rights with respect to the System and the Marks and the sale of goods and services, anywhere in the world, including, without limitation, the right to:

(a) operate or license others to operate Yoga Joint Studios anywhere outside the Development Area, as Franchisor considers appropriate, including within close proximity to the Development Area or Developer's Studios; (b) offer and sell products and services within the Development Area that are not part of the System through any distribution method; (c) develop, own and operate, and to grant franchises to third parties to develop, own and operate any other business, including fitness businesses under marks and systems different from the Marks and the System within and outside the Development Area; (d) offer and sell (either themselves or through franchisees) those products and services which the franchise agreement contemplates Developer will offer and sell, as a franchisee, or that are similar to those products and services offered by the Yoga Joint Studios, under marks other than the Proprietary Marks at any location within or outside the Territory; (e) to purchase, merge, acquire or affiliate with an existing fitness or gym chain or any other business regardless of the location of the chain's facilities (including those within or proximate to the Development Area), and to operate, franchise and/or license those facilities as Yoga Joint Studios operating under the Marks or any other marks or trade names following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which may within or proximate to the Development Area); (f) operate or license others to operate Yoga Joint Studios within the Development Area upon the termination or expiration of this Agreement, or upon Developer's default of this Agreement; (g) offer, sell and/or otherwise distribute, at wholesale or retail, under the Marks, names, and/or other names and marks, any products or services, which now or in the future are a part of the System, through any alternative channel of distribution within or outside the Development Area, including, but not limited to, the Internet, digital streaming, "on demand," mobile applications, other electronic or virtual means, videos, or direct mail marketing; and/or (h) offer and sell yoga retreats and workshops to customers anywhere, including in the Development Area, and hold the retreats and workshops anywhere, including in the Development Area; (i) license to and/or provide training using the Yoga Joint teacher training program anywhere, including in the Development Area; and/or (j) sell retail products anywhere via on the Internet or on the Yoga Joint mobile app without any compensation to Developer. Developer understands and acknowledges that this Agreement does not grant Developer any rights with respect to such sales, whether conducted now or in the future.

1.6 Limited Rights

Provided that Developer is in compliance with the terms of this Agreement and any other agreements with Franchisor or its affiliates and is current on all obligations due to Franchisor and its affiliates, and except as reserved in the preceding Section 1.5 and except if a Yoga Joint Studio is already operating in the Development Area or if Franchisor has already granted third parties the right to establish and operate Yoga Joint Studios in the Development Area as of the Effective Date, Franchisor will not, during the Development Term, operate or license others to operate Studios identified by the name and mark "YOGA JOINT" in the Development Area.

2. DEVELOPER'S DEVELOPMENT OBLIGATIONS

2.1 Minimum Development Obligation

During the Development Term, Developer shall timely develop, open and continuously operate within the Development Area not less than the cumulative number of Studios set forth in Exhibit B (the "Development Schedule"). For each Studio to be developed during the Development Term, Developer shall have obtained Franchisor's prior written approval of the site at which Developer's Studios will be located. Strict compliance with

the Development Schedule is essential to this Agreement. Any failure by Developer in fulfilling its obligations to develop, open and continuously operate any Studios when required by the Development Schedule (collectively, the "Minimum Development Obligations") shall constitute a material, non-curable breach of this Agreement permitting Franchisor to immediately terminate this Agreement by giving written notice of termination to Developer. **Developer acknowledges that this Agreement may require Developer to pursue and develop multiple projects at the same time, and that time is of the essence with respect to Developer's development and opening of the Studios.**

2.2 Force Majeure

Should Developer be unable to meet the Minimum Development Obligation solely as the result of Force Majeure, including, but not limited to strikes, material shortages, fires, floods, earthquakes, and other acts of God, or by force of law (including, without limitation, any legal disability of Franchisor to deliver a Franchise Disclosure Document pursuant to Section 6.2 of this Agreement), which result in the inability of Developer to construct or operate Studios in the Development Area, and which Developer could not by the exercise of due diligence have avoided, the time periods in the Development Schedule shall be extended by the amount of time during which such Force Majeure shall exist and only as to those time periods affected by the Force Majeure. Developer's inability to obtain financing (regardless of the reason) shall not constitute Force Majeure under this Agreement.

Should Franchisor be unable to meet any of its obligations under this Agreement solely as the result of Force Majeure, including, but not limited to strikes, material shortages, fires, floods, earthquakes, and other acts of God, or by force of law (including, without limitation, any legal disability of Franchisor to deliver a Franchise Disclosure Document pursuant to Section 6.2 of this Agreement), the time for performance of such obligation shall be extended by the amount of time during which such Force Majeure shall exist.

The party whose performance is affected by an event of Force Majeure shall immediately give written notice of such Force Majeure event to the other party by setting forth the nature thereof and an estimate as to its duration.

3. DEVELOPMENT AREA

3.1 Description of Development Area

The Development Area shall be the geographic area described in Exhibit A to this Agreement. Developer may not change its Development Area without obtaining Franchisor's prior written approval, which may be withheld for any or no reason and in Franchisor's sole discretion. If Franchisor approves of Developer's request to change the Development Area, then, upon Franchisor's written approval, Developer shall complete a new Exhibit A and shall pay Franchisor a Development Area Change Fee equal to the sum of Five Thousand Dollars (\$5,000) multiplied by the then remaining number of Specified Studios to be developed by Developer under this Agreement. This payment is not refundable under any circumstances.

4. TERM OF AREA DEVELOPMENT AGREEMENT

4.1 Development Term

Subject to the terms and provisions of this Agreement, the term of this Agreement shall commence on the Effective Date and shall expire on the first to occur of: (1) the date the last Studio required to be opened as set forth in the Development Schedule actually opens for business; or (2) the date the last Studio was required to be opened as set forth in the Development Schedule ("Development Term").

4.2 Renewal

Developer shall have no right to renew this Agreement.

5. PAYMENTS BY DEVELOPER

5.1 Area Development Fee

In consideration of the execution of this Agreement by Franchisor, Developer shall pay to Franchisor in immediately available funds concurrently with the execution of this Agreement the Area Development Fee, which shall equal the \$50,000 Initial Franchise Fee for the first Specified Studio to be developed under this Agreement, plus \$20,000 multiplied by the number of additional Specified Studios to be developed by Developer under this Agreement (the "Area Development Fee") and is set forth in Exhibit A to this Agreement. The Area Development Fee is not refundable under any circumstances and is deemed fully earned by Franchisor upon receipt.

5.2 Initial Franchise Fees for Specified Studios

Developer shall pay Franchisor an Initial Franchise Fee of \$50,000 for the first Specified Studio to be developed under this Agreement and an Initial Franchise Fee of \$40,000 for each additional Specified Studio to be developed under this Agreement. Upon execution by Developer of each New Franchise Agreement entered into under this Agreement, Franchisor shall credit the Area Development Fee against the Initial Franchise Fee payable for the first Specified Studio at the rate of \$50,000 and shall credit the Area Development Fee against the Initial Franchise Fee payable for each additional Specified Studios, at the rate of \$20,000 for each Specified Studio opened pursuant to this Agreement. The \$20,000 balance of the Initial Franchise Fee for the second and each additional Specified Studio shall be due and payable to Franchisor at the time Developer signs the lease for each such Specified Studio.

5.3 Initial Franchise Fees for Additional Studio(s)

The Initial Franchise Fee for each Additional Studio shall be the then-current Initial Franchise Fee being charged by the Franchisor to new franchisees. The Initial Franchise Fees for each Additional Studio shall be paid by Developer to Franchisor upon the execution of the separate franchise agreement(s) for the Additional Studios.

6. EXECUTION OF INDIVIDUAL FRANCHISE AGREEMENTS

6.1 Site and Consent to Location

Developer shall obtain Franchisor's consent to a proposed site and location ("Location") within the Development Area for each of its Studios in accordance with Franchisor's procedures. Upon identifying a proposed Location for construction of a Studio, Developer shall submit to Franchisor such information regarding the proposed Location as Franchisor shall require, as provided in its Manual or otherwise, together with the terms of any proposed lease relating to the Location in accordance with Developer's obligations under each separate franchise agreement. Franchisor may seek such additional information as it deems necessary, and Developer shall respond promptly to such request for additional information, including without limitation, Franchisor's request for a business plan demonstrating Developer's financial capability as provided in Section 6.3 below. If Franchisor does not reject the Location in writing within fifteen (15) business days, or within fifteen (15) business days after receipt of such additional information, whichever is later, the Location shall be deemed not approved. The Location must be within the Development Area, and Developer must obtain Franchisor's approval of such proposed sites.

Developer acknowledges and agrees that it is solely responsible for selecting a Location and Franchisor has the right to accept or reject a Location in its reasonable business judgment. Franchisor may voluntarily (without obligation) assist Developer in locating an acceptable Location for a Studio; however, neither Franchisor's assistance, if any, nor Franchisor's consent to any proposed Locations, whether initially proposed by Developer or by Franchisor, shall be construed to ensure or guarantee the profitable or successful operation of a Studio at that Location and is not a representation, warranty or a promise by Franchisor of any kind that a Studio at an approved location will achieve any certain level of sales volume or profitability. Similarly, Franchisor's approval of one or more locations and its refusal to approve other locations is not a representation or a promise that an approved location will have a higher sales volume or be more profitable than a location which Franchisor did not approve.

In addition, Franchisor assumes no liability or responsibility for: (1) evaluation of an approved location site's soil for hazardous substances; (2) inspection of any structure on the approved location site for asbestos or other toxic or hazardous materials; (3) compliance with the Americans with Disabilities Act ("ADA"); or (4) compliance with any other applicable law. It is the Developer's sole and exclusive responsibility to obtain satisfactory evidence and/or assurances that the approved location (and any structures thereon) is free from environmental contamination and in compliance with the requirements of the ADA.

Developer further acknowledges and agrees that its execution of an individual franchise agreement for development and operation of a Studio at a Location is based on Developer's own independent investigation of the suitability of the Location, and that Franchisor cannot and does not guarantee the success or suitability of any Location.

6.2 Execution of Franchise Agreements; Royalty Reduction for First Year

Provided that Developer is then in full compliance with all of the terms and conditions of this Agreement and any other agreements with Franchisor and its affiliates, Franchisor agrees to offer to Developer a franchise to operate a Studio at a Location for which Developer obtained Franchisor's consent by delivering to Developer promptly after Franchisor's consent to the Location, a Franchise Disclosure Document ("FDD") and an execution copy of Franchisor's then-current form franchise agreement pertaining to the Location (the "New Franchise Agreement"). Immediately upon receipt of the FDD, Developer shall return to Franchisor a signed acknowledgment of receipt of the FDD. After the passage of any disclosure period required by applicable law, Developer shall execute and deliver to Franchisor the New Franchise Agreement and the Initial Franchise Fee required pursuant to the New Franchise Agreement or this Agreement, less a credit, if any, applicable pursuant to Section 5.1. Franchisor shall execute and return to Developer the New Franchise Agreement after receipt of the Initial Franchise Fee and provided that Developer is then in full compliance with all the terms and conditions of this Agreement and any other agreements with Franchisor and its affiliates. Developer shall procure the Location by purchase or lease pursuant to the terms of the New Franchise Agreement, and return one copy of the executed lease or, if purchased, the deed evidencing Developer's right to occupy the Location. Developer shall then promptly commence construction and operation of the Studio pursuant to the terms of the New Franchise Agreement.

Notwithstanding the foregoing, if Franchisor is not legally able to deliver an FDD to Developer by reason of any lapse or expiration of its franchise registration, or because Franchisor is in the process of amending any such registration, or for any other reason beyond Franchisor's reasonable control, Franchisor may delay its consent to the location for Developer's proposed Studio until such time as Franchisor is legally able to deliver an FDD, and such delay shall not constitute a default under this Agreement.

The form of the New Franchise Agreement for Developer's Studios developed pursuant to this Agreement shall be Franchisor's then-current standard form in use at the time Developer is required to sign a franchise agreement for each Studio to be developed; provided however, the Parties will sign an addendum to each New Franchise Agreement signed by Franchisor and Developer for each Studio developed under this Agreement specifying that the Royalty Fee for the first twelve (12) months of operation will be a reduced four percent (4%) of Gross Revenue. Thereafter, commencing the thirteenth month of operations, the Royalty Fee will be eight percent (8%) of Gross Revenue.

6.3 Developer's Financial Responsibility and Business Plan

Developer assumes all cost, liability and expense for locating, obtaining and developing sites for Studios and constructing and equipping Studios in accordance with Franchisor's standards at approved locations. Developer shall not make any binding commitments to purchase or lease a location until Developer has obtained Franchisor's written consent to the location.

Upon Franchisor's request, Developer shall submit to Franchisor a business plan outlining the actions that Developer will take to ensure the development and management of a proposed Studio in accordance with Franchisor's standards and the New Franchise Agreement. In addition to a business plan, Developer shall submit to Franchisor, upon Franchisor's request, financial statements and other financial information sufficient to demonstrate to Franchisor in Franchisor's sole and absolute judgment, that Developer has adequate financial capabilities to properly develop and operate the proposed Studio and fulfill its obligations under the New

Franchise Agreement. Developer agrees to revise the business plan, and submit current financial statements as requested by Franchisor. Developer further agrees to implement any changes to Developer's business plan as approved or required by Franchisor. Notwithstanding anything herein to the contrary, Developer acknowledges and agrees that Franchisor may refuse to grant to Developer a franchise for a proposed Studio if Developer does not meet Franchisor's then current standards and qualifications for the grant of a new franchise, including without limitation, Developer's failure to demonstrate to Franchisor, in its sole and absolute judgment, that Developer is sufficiently capitalized and has sufficient financial resources to open and operate a Studio in accordance with the New Franchise Agreement.

Developer's approval or non-approval of Developer's business plan to develop and open a Studio shall not constitute an express or implied assurance, representation or warranty as to the sales volume, profitability, cost and expenses of development of a Studio, the success or profitability of Developer's business plan, or the sufficiency of Developer's financial resources. Developer agrees and acknowledges that there are many factors which may impact the implementation of Developer's business plan, and which may require Developer to change or adapt its business plan from time to time and Franchisor's approval or disapproval of Developer's business plan or financial capabilities indicates only Franchisor's minimum criteria for the development of a Studio. Further Franchisor's approval or non-approval of a business plan is not predictive of the success, sufficiency or profitability of a business plan.

6.4 Condition Precedent to Franchisor's Obligations

It shall be a condition precedent to Franchisor's obligations pursuant to Sections 6.1 and 6.2, that Developer shall have performed all of its obligations under and pursuant to this Agreement and all other agreements between Developer and Franchisor.

7. DEVELOPER OWNERSHIP

7.1 Representations

If Developer is a corporation, a limited liability company, a partnership or any other type of organization (collectively, "business entity"), Developer makes the following representations and warranties: (1) it is duly organized and validly existing under the laws of the state of its formation; (2) it is qualified to do business in the state in which the Development Area is located; (3) execution of this Agreement and the development and operation of Studios are permitted by its governing documents; and (4) Developer's Articles of Incorporation, Articles of Organization, written partnership agreement or other organizational or governing documents shall at all times provide that the activities of Developer are limited exclusively to the development and operation of franchised Yoga Joint Studios.

7.2 Governing Documents, Records and Requirements

Developer shall comply with the corporate and partnership franchisee requirements set forth in the New Franchise Agreement(s).

7.3 Ownership Interests

If Developer is a business entity, all interests in Developer shall be owned as set forth in attached Exhibit C. Developer represents and warrants that its ownership interests and/or share structure and initial capitalization are as set forth on Exhibit C and Developer further covenants that it will not vary from the ownership interests and/or corporate structure without the prior written approval of Franchisor.

If Developer is a corporation, Developer shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities of the corporation (and the number of shares owned by each).

If Developer is a limited liability company, Developer shall maintain a current list of all members (and the percentage membership interest in the partnership (and the percentage ownership of each owner).

Developer shall comply with Article 8 of this Agreement prior to any change in ownership interest and shall execute addenda to Exhibit C as changes occur to ensure the information contained in Exhibit C is true, accurate and complete at all times.

7.4 Guaranty

If Developer is a corporation, limited liability company, partnership, limited partnership or any other type of legal entity formed in compliance with applicable law, then all owners of Developer shall execute an agreement in substantially the same form as attached hereto as Exhibit D with Franchisor under which the owners of Developer agree to be jointly and severally liable for all the obligations to Franchisor under this Agreement, and expressly agree to be bound by all the terms, conditions and covenants of this Agreement. Each present and future owner of Developer must agree in writing to personally guarantee the performance of Developer's obligations under this Agreement, and to be individually bound by all the terms and conditions of this Agreement and any other agreements between Developer and Franchisor.

8. ASSIGNMENT; RIGHT OF FIRST REFUSAL

8.1 Assignment by Franchisor

Franchisor shall have the unlimited right to assign this Agreement, and all of its rights and privileges under this Agreement, to any person, firm, corporation or other entity at any time.

8.2 Assignment by Developer

A. This Agreement has been entered into by Franchisor in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence reposed in Developer or, in the case of a corporate or partnership Developer, the principal officers or partners thereof who will actively and substantially participate in the development, ownership and operation of the franchised Yoga Joint Studios. Therefore, neither Developer, nor any partner, if Developer is a partnership, nor any shareholder, if Developer is a corporation, shall, by operation of law or otherwise, sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber to any person, persons, partnership, association, corporation or other entity, any interest in this Agreement, or any interest under this Agreement, or any interest in any proprietorship, partnership or corporation which owns any interest in this Agreement, nor offer, permit or suffer the same, without Franchisor's prior written consent and subject to Franchisor's right of first refusal as provided for in Section 8.3 of this Agreement. Any actual or attempted assignment, transfer or sale of this Agreement, or any interest in this Agreement, or of the franchised business, in violation of the terms of this Article will be null, void and of no effect, and will constitute a material and incurable breach of this Agreement.

B. "Assignment" or "transfer" for the purposes of this Agreement includes Developer's (or any of its owners') voluntary, involuntary, direct or indirect, assignment, transfer, sale, gift or other disposition of any interest in this Agreement, the development rights granted hereunder, or in Developer. An assignment or transfer includes, without limitation, the following events:

- (i) The transfer or redemption in the aggregate of more than 10% of the capital stock or voting power of Developer (if a corporation, limited liability company, or other business entity); the transfer or redemption in the aggregate of more than 10% of a partnership or proprietorship interest in Developer (if it does business as a partnership or proprietorship); or the transfer or redemption of any other interest that affects control over the Developer business entity;
- (ii) The merger or consolidation or issuance of additional securities or interests representing an ownership interest in Developer (if a corporation, limited liability company or other business entity);
- (iii) Any issuance or sale of Developer's stock or any security convertible to Developer's stock;

- (iv) The transfer of an interest in Developer, this Agreement, or the development rights granted hereunder in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;
- (v) The transfer of an interest in Developer, this Agreement, or the development rights granted hereunder, in the event of Developer's death or the death of one of Developer's owners, by will, declaration, or transfer in trust or under the laws of intestate succession; or
- (vi) The pledge of this Agreement to someone other than Developer or of an ownership interest in this Agreement, or the development rights granted hereunder, as security.

Developer agrees to immediately notify Franchisor in writing of any and all transfers of ownership in a corporate, partnership or proprietorship entity, even if less than 10%.

C. Unless Franchisor otherwise agrees in writing, in its sole discretion, Franchisor will not approve any assignment of this Agreement except in conjunction with a concurrent assignment to the same approved assignee of all Yoga Joint Studios then owned and operated by Developer in the Development Area. In addition, no direct or indirect transfer of rights to develop less than all remaining undeveloped Studios shall be permitted, it being understood and agreed that Developer shall have no right to transfer partial development rights. Without limiting the generality of the foregoing, Franchisor's consent to the assignment shall be subject to the following conditions:

- (i) that the assignee (or the principal officers, shareholders, directors or general partners of the assignee in the case of a corporate or partnership assignee), in the business judgment of Franchisor, must be of good moral character and business reputation, have a good credit rating, must have the business experience, organizational and financial resources to complete the Development Schedule and timely open all Specified Studios, and to maintain, operate and promote all existing and new Studios in accordance with the requirements of this Agreement and the franchise agreement and ancillary agreements for each Studio. Developer and the assignee shall provide Franchisor with such information as Franchisor may require to make such determination concerning each proposed assignee;
- (ii) that Developer must have opened at least three (3) Specified Studios covered by this Agreement;
- (iii) that the assignee expressly assumes in writing for the benefit of Franchisor all rights and obligations of Developer under this Agreement and all franchise agreements executed pursuant hereto and approved to be transferred;
- (iv) that the assignee shall have completed the Franchisor's training program to Franchisor's satisfaction, exercised in good faith;
- (v) that as of the date of any such assignment, Developer shall have fully complied with all of its obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor;
- (vi) that the assignee, if then a franchisee or developer of Franchisor, is not then in default of any of its obligations to Franchisor;
- (vii) that the price and other terms of sale of the interest to be conveyed shall not, in the good faith judgment of Franchisor, jeopardize the ability of the assignee to complete the Development Schedule on time, properly maintain, operate and promote all Studios and meet the assignee's financial obligations to Franchisor, third party suppliers and creditors. This provision shall not create any liability on the part of Franchisor to the assignee in the event that Franchisor approves the transfer and the assignee experiences financial difficulties. Developer and the assignee agree not to create,

impose or assert any security interest, lien or claim, at the time of the transfer or thereafter, in this Agreement;

- (viii) that Developer furnishes to Franchisor a copy of the executed contract of assignment with the assignee assuming all of Developer's obligations under this Agreement;
- (ix) that the assignee executes a new Area Development Agreement and all ancillary agreements in the form and on the terms and conditions Franchisor then offers to prospective area developers who are similarly situated (except that the assignee will not be obligated to pay another Area Development Fee, but will be required to pay the Initial Franchise Fee balance for each Specified Studio that the assignee develops and the Initial Franchise Fee for any Additional Studios). The term of the new Area Development Agreement will expire on the date of expiration of this Agreement. The execution of the new Area Development Agreement will terminate this Agreement, except for the guarantees of Developer, indemnification obligations, and the post-termination and post-expiration provisions under this Agreement;
- (x) that Developer shall pay to Franchisor, prior to any such assignment, a transfer fee equal to Five Thousand Dollars (\$5,000) multiplied by the then remaining number of Specified Studios to be developed by Developer under this Agreement. The foregoing transfer fee is in addition to the transfer fee(s) required to be paid under the franchise agreements for any Studio approved to be transferred;
- (xi) that Developer remains liable for all the obligations to Franchisor arising out of or related to this Agreement before the effective date of the transfer or assignment, and executes all instruments reasonably requested by Franchisor to evidence this liability;
- (xii) that the assignee and Developer shall execute a general release of all claims against Franchisor, its affiliates, and their respective officers, directors, owners, representatives, agents and employees (in their corporate and individual capacities) in a form acceptable to Franchisor; and
- (xiii) that Developer complies with the terms of the post-term covenant not to compete set forth in this Agreement, commencing on the effective date of the assignment, and the confidentiality obligations set forth in this Agreement.

D. In the event of the death or permanent disability of Developer, or the owner of a controlling interest in Developer at any time during the term of this Agreement, the legal representative of Developer, or the owner of a controlling interest in Developer, together with all surviving partners or shareholders, if any, jointly, shall within three (3) months of such event apply, in writing, for the right to transfer this Agreement, or the interest of the deceased or permanently disabled partner or shareholder in this Agreement, to such person or persons as the legal representative may specify. Such transfer shall be approved by Franchisor upon fulfillment of all of the conditions set forth herein, except that no transfer fee shall be required if the assignee is a beneficiary or heir of Developer if approved by Franchisor. If the legal representative and all surviving partners or shareholders, if any, do not comply with the aforesaid provisions or do not propose an assignee, all rights granted to Developer under this Agreement shall terminate forthwith and automatically revert to Franchisor. For purposes of this Agreement, the term "permanent disability" will mean a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent Developer or the owner of a controlling interest in Developer from supervising the timely development and opening of the Studios in accordance with the Development Schedule for a period of six (6) months from the onset of such disability, impairment or condition.

E. Developer shall not in any event have the right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever without the express prior written permission of Franchisor, which permission may be withheld for any reason whatsoever in Franchisor's sole and absolute subjective judgment.

8.3 Right of First Refusal

Except as expressly provided in Article 8 of this Agreement to the contrary, any assignment of this Agreement, or any interest herein, shall be subject to Franchisor's right of first refusal with respect thereto. Franchisor's said right of first refusal shall be exercised in the following manner:

1. Developer shall deliver to Franchisor a true and complete copy of the offer (the "notice"), including the price terms, financing, the proposed buyer, and all other material terms and conditions of the proposed sale, and furnish to Franchisor any additional information concerning the proposed transaction that Franchisor reasonably requests.
2. Within twenty one (21) days after Franchisor's receipt of the notice (or, if Franchisor requests additional information, within twenty one (21) days after receipt of the additional information), Franchisor may either consent or withhold its consent to the assignment or redemption, in accordance with this Article, or at its option, accept the assignment to itself or to its nominee, on the terms and conditions specified in the notice.
3. Franchisor's credit will be deemed equal to the credit of any proposed purchaser. Franchisor may substitute cash for any other form of payment proposed in the offer.
5. If Franchisor exercises its right of first refusal, Franchisor will be given at least ninety (90) days after notifying Developer of its election to exercise its right of first refusal to prepare for closing.
6. If Franchisor elects not to exercise its right of first refusal and consents to the proposed assignment or redemption, then Developer will, subject to the provisions of this Article, be free to assign this Agreement to its proposed assignee on the terms and conditions specified in the notice. If, however, the terms are changed, the changed terms will be deemed a new proposal, and Franchisor will have a right of first refusal with respect to this new proposal.
7. Franchisor's election not to exercise its right of first refusal with regard to any offer will not affect its right of first refusal with regard to any later offer. If Franchisor does not exercise its right of first refusal, this will not constitute approval of the proposed transferee, assignee, redemption or the transaction itself. Developer and any proposed assignee must comply with all the criteria and procedures for assignment of this Agreement as well as the franchise agreement(s) executed pursuant hereto and approved to be transferred.

8.4 Individual Franchise Agreements

Developer shall not execute any New Franchise Agreement, or construct or equip any Studio, with a view to transfer or assign such New Franchise Agreement or Studio.

9. CONFIDENTIALITY AND NON-COMPETITION

9.1 Confidential Information

Franchisor possesses and will further develop and acquire certain knowledge, know-how, technologies, processes, techniques, manuals, methods, procedures, trade practices, recipes, customer lists or databases, and any other information that Franchisor designates as confidential, proprietary, trade secrets or that is not readily available to the public without a breach of duty to Franchisor ("Confidential Information"). Franchisor may disclose to Developer, and Developer may acquire such parts of the Confidential Information in the development of Studios under this Agreement. Developer acknowledges and agrees that neither Developer nor any other person or entity will acquire any interest in or rights to the Confidential Information other than those granted in this Agreement and any franchise agreements with Franchisor or its affiliates, and that the use, disclosure or duplication of the Confidential Information for any other purpose, including, without limitation, the use of the Confidential Information in any other business would constitute an unfair method of competition with Franchisor, its affiliates, Franchisor's franchisees and the System. Developer agrees to disclose the Confidential Information only to its owners and to its employees and only to the extent reasonably necessary for the development of Studios under this Agreement. Developer shall require any employee or independent contractor who may have

access to any Confidential Information of Franchisor to execute covenants that they will maintain the confidentiality of the Confidential Information they receive in connection with their association with Developer. Such covenants shall be in a form satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.

9.2 In-Term Covenant Not to Compete

Developer agrees and acknowledges that if Developer were permitted to hold interests in a business which is similar to the business of the Studios developed hereunder or, which offers or sells any product, service or component which now or in the future is part of the System, or any similar product or service, Franchisor would be unable to protect, among the legitimate business interests, its Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among the franchisees and developers in its franchise business. Accordingly, Developer, its owners, officers, directors, shareholders, general partner or limited partner (collectively "Restricted Parties" and individually, a "Restricted Party") shall not directly or indirectly during the Development Term:

1. Solicit or otherwise attempt to induce (by combining or conspiring with, or attempting to do so), or influence in any other manner any of Franchisor's or its affiliates' current or former employees without the prior written permission of Franchisor (or affiliate);
2. Solicit or otherwise attempt to induce (by combining or conspiring with, or attempting to do so), or influence in any other manner any of Franchisor's franchisees to compete against Franchisor; and
3. As an owner, partner, investor, shareholder, officer, director, principal, employee, agent, lender, lessor, broker, consultant, advisor, franchisor, franchisee, or in any other similar capacity whatsoever connected in any manner with the ownership, management, operation or control, or conduct of, directly or indirectly, any other business which is similar to the business of a Yoga Joint Studio or, which offers or sells any product, service or component which now or in the future is part of the System, or any similar product or service, including, but not limited to, gyms, boutique fitness businesses or classes, or yoga or Hiit businesses or classes, whether offered or provided in person, online, through an app or social media, or on demand (collectively, a "Competitive Business").

9.3 Post-Term Covenant Not to Compete

During the three (3) year period after the expiration or sooner termination of this Agreement, or within three (3) years of the sale of the Studios or any interest in Developer, neither Developer nor any of the other Restricted Parties may directly or indirectly:

1. Solicit or otherwise attempt to induce (by combining or conspiring with, or attempting to do so), or influence in any other manner any of Franchisor's or its affiliates' current or former employees without the prior written permission of Franchisor (or affiliate);
2. Solicit or otherwise attempt to induce (by combining or conspiring with, or attempting to do so), or influence in any other manner any of Franchisor's franchisees to compete against Franchisor; and
3. As an owner, partner, investor, shareholder, officer, director, principal, employee, agent, lender, lessor, broker, consultant, advisor, franchisor, franchisee, or in any other similar capacity whatsoever connected in any manner with the ownership, management, operation or control, or conduct of, directly or indirectly, a Competitive Business within (i) the Development Area, (ii) within a twenty-five (25) mile radius of Developer's Studios, or (ii) within a twenty-five (25) mile radius of any other business using the System or the Marks, whether franchised or owned by us or our affiliates.

You further agree that you will not at any time solicit or otherwise attempt to induce (by combining or conspiring with, or attempting to do so), or influence in any other manner any of Franchisor's franchisees to

terminate or modify his, her or its business relationship with Franchisor or to compete against Franchisor, or in any manner interfere with, disturb, disrupt, impair, diminish, or otherwise jeopardize the System, Franchisor's business or the business of Franchisor's affiliates, developers or franchisees.

9.4 Developer's Acknowledgments Concerning Covenants

Developer agrees and acknowledges that this Article 9 limits Developer's right to compete only to the extent necessary to protect Franchisor from unfair competition. Developer and each of the other Restricted Parties acknowledges and confirms that the scope of activities prohibited in this Article 9, as well as the length of the term and geographical restrictions contained therein, are necessary to protect Franchisor's legitimate business interests and are fair and reasonable and not the result of overreaching, duress, or coercion of any kind. Developer and the other Restricted Parties each agree that the restrictions set forth in Article 9 will not impair Developer or any of the Restricted Parties' ability to obtain employment commensurate with its abilities and on terms fully acceptable to it or otherwise to obtain income required for the comfortable support of itself and its family, and the satisfaction of the needs of its creditors.

9.5 Lesser Included Covenants Enforceable At Law

The parties hereby expressly agree that if the scope or enforceability of this Article 9 is disputed at any time by Developer, a court of competent jurisdiction may modify either or both of such provisions to the extent that it deems necessary to make such provision(s) enforceable under applicable law, and shall not by necessity invalidate the entire covenants. In addition, Franchisor reserves the right to reduce the scope of either, or both, of said provisions without Developer's consent, at any time or times, effective immediately upon notice to Developer. Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of this Article as if the resulting covenants were separately stated in and made a part of this Agreement.

9.6 Enforcement of Covenants Not To Compete

Developer acknowledges that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Developer consents to the entry of an injunction prohibiting any conduct by Developer in violation of the terms of the covenants not to compete set forth in this Agreement. Developer expressly agrees that it may conclusively be presumed that any violation of the terms of the covenants not to compete was accomplished by and through Developer's unlawful use of Franchisor's Confidential Information, know-how, methods and procedures. Further, Developer expressly agrees that any claims it may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to the enforcement by Franchisor of the covenants not to compete set forth in this Agreement. Developer agrees to pay all costs and expenses, including reasonable attorneys' and experts' fees, incurred by Franchisor in connection with the enforcement of the covenants not to compete set forth in this Agreement.

9.7 Independent Covenants

The parties agree that each of the foregoing covenants will be construed independently of any other covenant or provision of this Agreement and will continue to be enforceable regardless of whether a court of competent jurisdiction determines that Franchisor has breached any provision of this Agreement or any other law.

9.8 Survival

The provisions of this Article 9 shall survive the expiration and termination of this Agreement and shall not limit, restrain or otherwise affect any right or cause of action which may accrue to Franchisor for any infringement of, violation of, or interference with, this Agreement, or the Marks, the System, the Confidential Information, or any other proprietary aspects of Franchisor's business.

10. TERMINATION

10.1 Termination Pursuant to a Material Breach of this Agreement

This Agreement may be terminated by Franchisor for cause without notice or opportunity to cure, except for such notice and cure period as may be required by law. In addition to any of the grounds for termination that may be stated elsewhere in this Agreement, Franchisor may terminate this Agreement, and the rights granted by this Agreement, upon written notice to Developer without an opportunity to cure upon the occurrence of any of the following events:

1. Developer omitted or misrepresented any material fact in the information it furnished to Franchisor in connection with Franchisor's decision to enter into this Agreement;
2. Any attempt by Developer to sell, assign, transfer or encumber in whole or in part any or all rights and obligations under this Agreement, in violation of the terms of this Agreement, or without the written consents required, pursuant to this Agreement;
3. Developer is insolvent or is unable to pay its creditors (including Franchisor or its affiliates); files a petition in bankruptcy, an arrangement for the benefit of creditors or a petition for reorganization; there is filed against Developer a petition in bankruptcy, an arrangement for the benefit of credits or petition for reorganization, which is not dismissed within sixty (60) days of the filing; Developer makes an assignment for the benefit of creditors; or a receiver or trustee is appointed for Developer and not dismissed within sixty (60) days of the appointment;
4. Franchisor and Developer agree in writing to terminate this Agreement;
5. Failure of Developer to meet the Minimum Development Obligations within the time periods specified in the Development Schedule set forth herein;
6. Failure of Developer, at any time during the Development Term, to have open and continuously operating the number of Studios required by the Development Schedule;
7. Failure of Developer to open any of the Studios by the applicable date required by the Development Schedule;
8. Developer begins construction of a Studio without obtaining Franchisor's prior written consent to the Location;
9. Execution is levied against Developer's business or property(ies); suit to foreclose any lien or mortgage against the premises or equipment of any of Developer's Studios is instituted against Developer and is not dismissed within sixty (60) days; or the real or personal property of the Studios shall be sold after levy thereupon by any sheriff, marshal or constable;
10. Developer (or, if Developer is a corporation, partnership, proprietorship or other entity, any principal, owner, member, officer or director of Developer) is convicted of, or pleads no contest to, a felony charge, a crime involving moral turpitude; or any crime or offense that is reasonably likely, in the sole subjective opinion of Franchisor, to adversely affect Franchisor, its affiliates and the System;
11. Developer (or, if Developer is a corporation, partnership, proprietorship or other entity, any principal, owner, member, officer or director of Developer) does any act that Franchisor believes in its reasonable business judgment has a negative impact on the Marks or the System;
12. Developer interferes or attempts to interfere with Franchisor's contractual relations with other franchisees, customers, employees, advertising agencies or any third parties;

13. Developer interferes or attempts to interfere with Franchisor's ability or right to franchise or license others to use and employ Franchisor's Marks and System or Developer makes any use of the Marks not authorized under this Agreement or the franchise agreements;
14. Developer remains in default beyond the applicable cure period: (a) under any other agreement with Franchisor or its affiliates; (b) under any real estate lease, equipment lease or financing instrument relating to one of Developer's Studios; or (c) with any vendor or supplier to one of Developer's Studios;
15. Any of the individual franchise agreements or any other agreement between Developer and Franchisor is terminated; or
16. Developer and the Restricted Parties breach their obligations under Article 9 of this Agreement, or any other provisions related to Confidential Information and noncompetition by Developer.

10.2 Termination by Franchisor - With Notice and Opportunity to Cure

Except for any default by Developer under Section 10.1 above, Developer will have thirty (30) calendar days (or 10 days in the case of any default in the timely payment of sums due to Franchisor or its affiliates) after its receipt from Franchisor of a written Notice of Default to remedy any other default under this Agreement and to provide evidence that it has done so to Franchisor. If Developer has not cured any default within that time or any longer period that applicable law may require, this Agreement will terminate immediately upon expiration of the thirty (30) day period (or 10-day period for a monetary default), or any longer period required by applicable law.

All Notices of Default and Notices of Termination, whether sent by certified mail, registered mail, fax, overnight courier or by physically delivering the notice in person, will be deemed to have been received by Developer upon delivery or first attempted delivery of the notice to Developer's address set forth in Section 12.11 herein below.

10.3 Cross Default

Any default or breach by Developer of any other agreement between Franchisor or its affiliates and Developer will be deemed a default under this Agreement, and, except for a default or termination of this Agreement due solely to Developer's failure to meet the Minimum Development Obligations within the time periods specified in the Development Schedule set forth herein, any default or breach of this Agreement by Developer will be deemed a default or breach under any and all other agreements between Franchisor and Developer. If the nature of the default under any other agreement would have permitted Franchisor to terminate this Agreement if the default had occurred under this Agreement, then Franchisor will have the right to terminate all the other agreements between Franchisor and Developer in the same manner provided for in this Agreement for termination of this Agreement. Developer will be given the same opportunity to cure defaults under any other agreement between Franchisor or its affiliates and Developer as Developer has under this Agreement.

10.4 Notice Required By Law

If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement or the parties to this Agreement limits Franchisor's rights of termination under this Agreement or requires longer notice or cure periods than those set forth above, then this Agreement will be deemed amended to conform to the minimum notice, cure periods or restrictions upon termination required by the laws and regulations. Franchisor will not, however, be precluded from contesting the validity, enforceability or application of the laws or regulations in any action, proceeding, hearing or dispute relating to this Agreement or the termination of this Agreement.

10.5 Effect of Termination

Upon the expiration of the Development Term, or upon the prior termination of this Agreement, Developer shall have no further right to construct, equip, own, open or operate additional Yoga Joint Studios which are not, at the time of such termination or expiration, the subject of a then existing franchise agreement between Developer and Franchisor which is in full force and effect, and Franchisor may itself construct, equip,

develop, open, own or operate, or license others to construct, equip, develop, open, own or operate Yoga Joint Studios in the Development Area.

Developer shall immediately pay to Franchisor upon termination or expiration of this Agreement any amounts owed by Developer to Franchisor or its affiliates which are then unpaid plus any accrued interest.

11. DISPUTE RESOLUTION

11.1 Enforcement Costs

Franchisor will be entitled to recover from Developer reasonable attorneys' fees, experts' fees, court costs and all other expenses of litigation, if Franchisor prevails in any action instituted against Developer to secure or protect Franchisor's rights under this Agreement, or to enforce the terms of this Agreement. The provisions of this Section will survive termination or expiration of this Agreement.

11.2 Attorneys' Fees

If Franchisor becomes a party to any action or proceeding concerning this Agreement, the development of the Studios, or the Studios due to any act or omission of Developer or its authorized representatives and not to any act or omission of Franchisor or its authorized representatives, or if Franchisor becomes a party to any litigation or any insolvency proceedings pursuant to the bankruptcy code or any adversary proceeding in conjunction with an insolvency proceeding with respect to Developer or the Studios, then Developer will be liable to Franchisor for the reasonable attorneys' fees, experts' fees and court costs incurred by Franchisor in the action or proceeding, regardless of whether the action or proceeding proceeds to judgment. In addition, Franchisor will be entitled to add all costs of collection, interest, attorneys' fees and experts' fees to its proof of claim in any insolvency proceedings filed by Developer. The provisions of this Section will survive termination or expiration of this Agreement.

11.3 Governing Law

This Agreement; all relations between the parties; and, any and all disputes between the parties, whether sounding in contract, tort, or otherwise, is to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of Florida without recourse to Florida choice of law or conflicts of law principles. Nothing in this Section is intended to invoke the application of any franchise or similar law, rule or regulation of the State of Florida or any other state, which would not otherwise apply.

11.4 Arbitration

Except as qualified in Section 11.5 below, any dispute between Developer and Franchisor, any of Franchisor's or Developer's affiliates, shareholders, members, officers, directors, employees, agents, or guarantors, arising under, out of, in connection with or in relation to this Agreement or the parties' relationship, or any issues pertaining to the arbitrability of such dispute or any claim that this Agreement, or any part of this Agreement, is invalid, illegal, void or voidable, must be submitted to binding arbitration to JAMS under the authority of the Federal Arbitration Act. All matters relating to arbitration shall be governed by the Federal Arbitration Act and not by any state arbitration law. The arbitration shall be heard by a single arbitrator and administered by JAMS and must be arbitrated in accordance with the then-current the Federal Rules of Civil Procedure and the Federal Rules of Evidence. The arbitration must be submitted to the JAMS office in Miami, Florida, and must take place in Miami, Florida. Any arbitration must be resolved on an individual basis and not joined or consolidated as part of a class or group action with claims of other parties. The decision of the arbitrator will be final and binding to the dispute; however the arbitrator may not under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; or (ii) assess punitive or exemplary damages. A judgment may be entered upon the arbitration award by any court of competent jurisdiction. This agreement to arbitrate 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 by default or otherwise notwithstanding said failure to appear. The arbitrator shall have the authority to award attorney's fees and costs to the prevailing party. The provisions of this Section will survive termination or expiration of this Agreement.

11.5 Injunctive Relief

Notwithstanding anything to the contrary in Section 11.4 of this Agreement, Franchisor and Developer agree that Franchisor and Developer each have the right in a proper case to obtain specific performance, temporary restraining orders and temporary or preliminary injunctive relief, and other provisional relief, including, but not limited to, enforcement of liens, security agreements, or attachments, as Franchisor deems necessary or appropriate to compel Developer to comply with Developer's obligations to Franchisor, to protect the Proprietary Marks or Franchisor's Confidential Information, and/or to enforce the non-competition or non-solicitation covenants in this Agreement, until such time as a final and binding determination is made by the arbitrator. Developer agrees that Franchisor may have temporary or preliminary injunctive relief without bond, but upon due notice, and Developer's sole remedy in the event of the entry of such injunctive relief will be the dissolution of the injunctive relief, if warranted, upon a hearing duly had and all claims for damages by reason of the wrongful issuance of the injunction is expressly waived. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that the parties might otherwise have by virtue of any breach of this Agreement by the other party. Finally, Franchisor has the right to commence a civil action against Developer or take other appropriate action for the following reasons: to restrain a breach or threatened breach of any of the terms of this Agreement by you; to collect sums of money due to us; to compel your compliance with trademark standards and requirements to protect the goodwill of the Proprietary Marks; or to compel you to compile and submit required reports to us. The provisions of this Section will survive termination or expiration of this Agreement.

11.6 Venue and Jurisdiction

Franchisor and Developer agree that any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Section 11.4, must be brought exclusively in a court of competent jurisdiction in Miami-Dade County, Florida. Franchisor and Developer hereby irrevocably submit themselves to, and consent to, the jurisdiction of said courts and waive any objection that he, she or it may have to the laying of venue of any such suit, action, or proceeding in any of such courts. The provisions of this Section will survive termination or expiration of this Agreement.

11.7 Waiver of Jury Trial; Individual Dispute Resolution

ALL PARTIES HEREBY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN CONNECTION WITH THE ENFORCEMENT OR INTERPRETATION BY JUDICIAL PROCESS OF ANY PROVISION OF THIS AGREEMENT, AND IN CONNECTION WITH ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION OR SIMILAR CAUSES OF ACTION OR ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF DAMAGES FOR ANY CLAIMS ARISING OUT OF THIS AGREEMENT, WHETHER NOW EXISTING OR ARISING IN THE FUTURE.

In addition, the parties agree that the relationship contemplated by this Agreement is a unique and individual relationship between the parties and will be characterized by unique circumstances, actions and experiences that relate only to Developer and Developer's relationship with Franchisor. Therefore, Developer and Franchisor agree that any litigation between or among the parties to this Agreement and any of their respective owners, officers, directors, members, managers, employees, or representatives will be conducted on an individual basis and not on a consolidated or class-wide basis with any other current or former franchisee or developer of Franchisor. This Section will survive termination of this Agreement.

11.8 Punitive Damages

In no event will Franchisor be liable to Developer for punitive, special, or exemplary damages in any action arising out of or relating to this Agreement, or any breach, termination, cancellation or non-renewal of this Agreement. In any action arising out of or relating to this Agreement, or any breach, termination, cancellation or non-renewal of this Agreement, Developer shall be limited to recovering its actual damages only.

11.9 Indemnity by Developer

Developer hereby agrees to protect, defend and indemnify Franchisor, and all of its past, present and future shareholders, direct and indirect parent companies, subsidiaries, affiliates, officers, directors, employees, attorneys and designees and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property arising out of or in connection with Developer's development and operation of the franchised Yoga Joint Studios pursuant hereto.

11.10 No Consequential Damages for Legal Incapacity

Franchisor shall not be liable to Developer for any consequential damages, including but not limited to lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses incurred by Developer by reason of any delay in the delivery of Franchisor's FDD caused by legal incapacity during the Development Term, or other conduct not due to the gross negligence or malfeasance of Franchisor. Such incapacity shall not be a default by Franchisor under this Agreement.

11.11 Joint and Several Liability

If Developer consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to Franchisor are joint and several.

11.12 Remedies Cumulative

Except as otherwise expressly provided in this Agreement, no remedy in this Agreement conferred upon any party is intended to be exclusive of any other remedy. Each and every such remedy is cumulative and is in addition to every other remedy given under this Agreement or, subject to any choice of law provided in this Agreement, now or later existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power, or remedy under this Agreement precludes any other or further exercise of such right, power, or remedy.

11.13 Franchisor's Withholding of Consent; Developer's Exclusive Remedy

In no event may Developer make any claim for money damages based on any claim or assertion that Franchisor has unreasonably withheld or delayed any consent or approval to a proposed act by Developer under the terms of this Agreement. Developer waives any such claim for damages. Developer may not claim any such damages by way of setoff, counterclaim or defense. Developer's sole remedy for the claim will be an action or proceeding to enforce the Agreement provisions, for specific performance or for declaratory judgment.

11.14 Agreed Limitations

Except for payments owed by Developer to Franchisor or its affiliates under this Agreement, indemnity claims under Section 11.9, claims related to the unauthorized use of Confidential Information or the Marks, or claims related to an act of Developer allowing Franchisor to immediately terminate this Agreement, any legal action or arbitration proceeding brought or instituted with respect to or arising out of this Agreement or the relationship between the parties, must be brought or commenced within a period of two (2) years from the date upon which the party seeking to bring the action discovered, or should have discovered, the facts giving rise to the alleged claim(s).

12. GENERAL CONDITIONS AND PROVISIONS

12.1 Relationship of Developer and Franchisor

This Agreement does not create a fiduciary or other special relationship between the parties. No agency, employment, joint venture, or partnership is created or implied by the terms of this Agreement. It is expressly agreed that Developer has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for

any purpose whatsoever. Neither Franchisor nor Developer is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. Developer agrees that he will not hold himself out as the agent, employee, partner or co-venturer of Franchisor. All employees hired by or working for Developer shall be the employees of Developer and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor's control. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof. Developer shall not issue any press releases without the prior written approval of Franchisor.

The sole relationship between Developer and Franchisor is a commercial, arms' length business relationship and there are no third-party beneficiaries to this Agreement. Developer's business is, and shall be kept, totally separate and apart from any that may be operated by Franchisor. In all public records, in relationships with other persons, and on letterheads and business forms, Developer shall indicate its independent ownership of Developer's Studios and that Developer is solely an independent contractor.

12.2 Variations

Franchisor has the right, in its sole discretion, to waive, or permit variations from the standards of the System or any applicable agreement to any developer, franchisee, prospective developer or prospective franchisee based on the peculiarities of a particular site, existing building configuration or circumstance, density of population, business potential, trade area population or any other condition or circumstance. Franchisor has the right, in its sole discretion, to deny any such request Franchisor believes would not be in the best interest of the System.

12.3 Waiver and Delay

No waiver or delay by Franchisor in Franchisor's enforcement of any breach of any term, covenant or condition of this Agreement by Developer, and no failure, refusal or neglect of Franchisor to exercise any right, power or option given to it hereunder or under any separate franchise agreement between Franchisor and Developer, whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Studios) or to insist upon strict compliance with or performance of Developer's obligations under this Agreement or any separate franchise agreements between Franchisor and Developer, whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Studios), shall constitute a waiver of the provisions of this Agreement with respect to any subsequent breach thereof or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

12.4 Survival

Any provision of this Agreement which imposes an obligation following the termination or expiration of this Agreement will survive the termination or expiration and will continue to be binding upon the parties to this Agreement.

12.5 Successors and Assigns

This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Franchisor and shall be binding upon and inure to the benefit of Developer and his or their respective heirs, executors, administrators, successors and assigns, subject to the prohibitions against assignment contained herein.

12.6 Third Parties

Except as provided in this Agreement to the contrary with respect to any affiliates of Franchisor, nothing in this Agreement, whether express or implied, confers any rights or remedies under or by reason of this Agreement on any persons (including other Yoga Joint franchisees) other than the parties and their respective personal or legal representatives, heirs, successors, and permitted assigns. Further, except as provided in this Agreement to the contrary with respect to any designee of Franchisor, nothing in this Agreement relieves or

discharges the obligation or liability of any third persons to any party to this Agreement. Nor does any provision give any third persons any right of subrogation or action over or against any party to this Agreement.

12.7 Integration of Agreement

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, understandings, representations and agreements. Developer acknowledges that it is entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of its own independent investigation of the franchised Yoga Joint Studios and not as a result of any representations about Franchisor made by its shareholders, officers, directors, employees, agents, independent contractors or other Yoga Joint franchisees which are contrary to the terms set forth in this Agreement or of any offering circular, prospectus, disclosure document or other similar document required or permitted to be given to Developer pursuant to applicable law.

This Agreement may not be amended orally, but may be amended only by a written instrument signed by the parties. Developer expressly acknowledges that no oral promises or declarations were made to it and that the obligations of Franchisor are confined exclusively to the terms in this Agreement. Developer understands and assumes the business risks inherent in this enterprise.

This provision shall not serve to waive reliance on any representation made by Franchisor in the disclosure document or in its exhibits or amendments. Neither shall it serve to disclaim liability for statements authorized by Franchisor in its disclosure document.

12.8 Construction and Interpretation; Further Acts

The titles and subtitles of the various articles and sections of this Agreement are inserted for convenience and will not affect the meaning or construction of any of the terms, provisions, covenants and conditions of this Agreement.

The language of this Agreement will in all cases be construed simply according to its fair and plain meaning and not strictly for or against Franchisor or Developer.

It is agreed that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision will have the meaning which renders it valid.

Since the words "Franchisor" and "Developer" in this Agreement may be applicable to one or more parties, the singular will include the plural, and the masculine will include the feminine and neuter. If more than one party or person is referred to as "Developer" under this Agreement, then their obligations and liabilities under this Agreement will be joint and several.

The parties agree to execute all other documents and perform all further acts necessary or desirable to carry out the purposes of this Agreement.

Each reference in this Agreement to a corporation or partnership will also refer to a limited liability company and any other entity or similar organization. Each reference to the organizational documents, shareholders, directors, officers and stock of a corporation in this Agreement will also refer to the functional equivalents of the organizational documents, shareholders, directors, officers and voting rights, as applicable, in the case of a limited liability company or any other entity or similar organization.

12.9 Severability

Nothing contained in this Agreement may be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter will prevail, but the affected provision of this Agreement will be curtailed and limited only to the extent necessary to bring it within the requirement of the law. If any article, section, sentence or clause of this Agreement is held to be indefinite,

invalid or otherwise unenforceable, the entire Agreement will not fail for this reason, and the balance of the Agreement will continue in full force and effect. If any court of competent jurisdiction deems any provision of this Agreement (other than for the payment of money) unreasonable, the court may declare a reasonable modification of this Agreement and this Agreement will be valid and enforceable, and the parties agree to be bound by and perform this Agreement as so modified.

12.10 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

12.11 Notices

Any notice required or permitted to be given under this Agreement shall be in writing; shall be delivered to the other party personally, by certified mail (and return receipt requested, postage prepaid), by overnight mail or by facsimile transmission; and, will be effective on the date that delivery is documented to have been first attempted. Any notice to Franchisor shall be addressed to Franchisor at:

Yoga Joint Franchising, LLC
Attn: Bernie Zarco
698 W. Yamato Road
Boca Raton, Florida 33431
E-Mail: Bernie@yogajoint.com

With copy to:
Zarco Einhorn & Salkowski, P.A.
2 S. Biscayne Blvd., Suite 3400
Miami, Florida 33131
E-Mail: RZarco@zarcolaw.com

Any notice to Developer shall be addressed to Developer at:

E-Mail: _____

Either party to this Agreement may, in writing, on ten days notice, inform the other of a new or changed address or addressee(s) to which notices under this Agreement should be sent.

13. SUBMISSION OF AGREEMENT

The submission of this Agreement does not constitute an offer. This Agreement will become effective only upon the execution of this Agreement by Franchisor and Developer. The date of execution by Franchisor will be considered the date of execution of this Agreement.

THIS AGREEMENT WILL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF FRANCHISOR.

DEVELOPER ACKNOWLEDGES THAT NO REPRESENTATIONS OR PROMISES WERE MADE TO IT OTHER THAN THOSE SET FORTH IN FRANCHISOR'S DISCLOSURE DOCUMENT, AND THAT IF ANY OTHER REPRESENTATIONS OR PROMISES WERE MADE TO DEVELOPER, DEVELOPER IS NOT RELYING ON THEM.

DEVELOPER HAS READ ALL OF THE FOREGOING AGREEMENT AND ACCEPTS AND AGREES TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS OF THE FOREGOING AGREEMENT.

[Signatures on following page]

Signature page to Area Development Agreement:

Dated: _____

DEVELOPER: _____

_____(Signature)

(Print Name)

As its: _____

_____(Signature)

(Print Name)

As its: _____

Dated: _____

FRANCHISOR:

YOGA JOINT FRANCHISING, LLC

By: _____

Print Name: _____

Its: _____

EXHIBIT A

AREA DEVELOPMENT FEE / DEVELOPMENT AREA

The Area Development Fee, calculated at the rate of \$50,000, plus \$20,000 multiplied by the number of Specified Studios after the first to be developed under this Agreement is: \$_____.

The Development Area consists of the following geographical area, as defined by the following boundaries as of the date of execution of this Agreement.

Dated: _____

Franchisor: Yoga Joint Franchising, LLC

By: _____

Print name: _____

As: _____

Dated: _____

Developer: _____

By: _____

Print name: _____

As: _____

EXHIBIT B

MINIMUM DEVELOPMENT OBLIGATIONS

Cumulative Number of Studios to be in Operation	Required Opening Date

Dated: _____

Franchisor: Yoga Joint Franchising, LLC

By: _____

Print name: _____

As: _____

Dated: _____

Developer: _____

By: _____

Print name: _____

As: _____

EXHIBIT C

OWNERSHIP INTERESTS

1. If Developer is a corporation, limited liability company or partnership, set forth below are the names and addresses of each shareholder, member or partner in Developer:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST

2. The address where Developer's financial Records, governing documents, corporate or partnership records, as applicable, are maintained is:

3. Developer shall notify Franchisor in writing within ten (10) days of any change in the information set forth in subparagraphs (1) through (2) above.

4. Developer promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Developer.

5. Developer shall cause all of its current and future shareholders, members and partners to execute Franchisor's standard form of Guaranty.

DEVELOPER: _____

Dated: _____

(Signature)

(Print Name)

(Title)

EXHIBIT D

GUARANTY

In consideration of the execution by YOGA JOINT FRANCHISING, LLC ("Franchisor") of the Area Development Agreement (the "Development Agreement"), dated the _____ day of _____, between Franchisor and _____ ("Developer") and for other good and valuable consideration, including Franchisor's execution of or consent to the transfer of the Development Agreement, each of the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and set forth in said Development Agreement and in any other agreement(s) by and between Developer and Franchisor.

If more than one (1) person has executed this Guaranty, the term "the undersigned", as used herein, shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

The undersigned, individually and jointly, hereby agree to be personally bound by each and every covenant, term, condition, agreement and undertaking contained and set forth in said Development Agreement and any other agreement(s) by and between Developer and Franchisor, and agree that this Guaranty shall be construed as though the undersigned and each of them executed agreement(s) containing the identical terms and conditions of the Development Agreement and any other agreement(s) by and between Developer and Franchisor.

The undersigned hereby agree, furthermore, that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder: (a) any term, covenant or condition of the Development Agreement may be amended, compromised, released or otherwise altered by Franchisor and Developer, and the undersigned do guarantee and promise to perform all the obligations of Developer under the Development Agreement as so amended, compromised, released or altered; (b) any guarantor of or party to the Development Agreement may be released, substituted or added; (c) any right or remedy under the Development Agreement, this Guaranty or any other instrument or agreement between Franchisor and Developer may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and, (d) Franchisor or any other person may deal in any manner with Developer, any of the undersigned, any party to the Development Agreement or any other person.

Should Developer be in breach or default under the Development Agreement or any other agreement(s) by and between Developer and Franchisor, Franchisor may proceed directly against any or each of the undersigned without first proceeding against Developer and without proceeding against or naming in such suit any other Developer, signatory to the Development Agreement or any others of the undersigned.

Notice to or demand upon Developer or any of the undersigned shall be deemed notice to or demand upon Developer and all of the undersigned, and no notice or demand need be made to or upon any or all of the undersigned. The cessation of or release from liability of Developer or any of the undersigned shall not relieve any other Guarantors from liability hereunder, under the Development Agreement, or under any other agreement(s) between Franchisor and Developer, except to the extent that the breach or default has been remedied or moneys owed have been paid.

Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors or assigns, with respect to the Development Agreement or any other agreement(s) by and between Developer and Franchisor, shall in no way modify or amend this Guaranty, which shall be continuing, absolute, unconditional and irrevocable.

It is understood and agreed by the undersigned that the provisions, covenants and conditions of this Guaranty shall inure to the benefit of the Franchisor, its successors and assigns. This Guaranty may be

assigned by Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

Guarantors agree to pay all of Franchisor's reasonable attorneys' fees and costs incurred in any collection or attempt to collect amounts due or to enforce provisions of the Development Agreement or this Guaranty.

This Guaranty shall be governed by and construed in accordance with the laws of the State of Florida. Franchisor may enforce its rights regarding this Guaranty in the courts of Miami-Dade County, Florida, to which venue and jurisdiction Guarantors hereby expressly consent and agree. Guarantors each irrevocably consent and submit to the jurisdiction and venue of such courts and agree to participate and be bound by the arbitration provisions of the Development Agreement.

Should any one (1) or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.

IN WITNESS WHEREOF, each of the undersigned has executed this Guaranty effective as of the date of the Development Agreement.

Dated: _____

(Signature)

(Print Name)

Dated: _____

(Signature)

(Print Name)

Dated: _____

(Signature)

(Print Name)

ADDENDUM TO AREA DEVELOPMENT AGREEMENT

FOR THE FOLLOWING STATES: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

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

**ADDENDUM TO AREA DEVELOPMENT AGREEMENT
FOR USE IN CALIFORNIA**

This Addendum ("Addendum") is entered into this _____, 20__ (the "Effective Date"), between YOGA JOINT FRANCHISING, LLC, a Florida limited liability company ("Franchisor"), and _____, a _____ (referred to in this Addendum as "Developer") and amends the Area Development Agreement between Franchisor and Developer dated as of the Effective Date (the "Area Development Agreement"), as follows:

1. Notwithstanding anything in the Area Development Agreement to the contrary, the California Department of Financial Protection and Innovation has determined that we, the franchisor, has not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. This includes the payment of the development and initial fees attributable to a specific unit in your development schedule, which are deferred until that unit is open.

Intending to be bound, Franchisor and Developer sign and deliver this Addendum effective on the Effective Date.

FRANCHISOR: Yoga Joint Franchising, LLC

DEVELOPER: _____

By: _____

By: _____

Name: _____

Name: _____

As its: _____

As its: _____

**ADDENDUM TO AREA DEVELOPMENT AGREEMENT
FOR USE IN ILLINOIS**

This Addendum ("Addendum") is entered into this _____, 20____ (the "Effective Date"), between YOGA JOINT FRANCHISING, LLC, a Florida limited liability company ("Franchisor"), and _____, a _____ (referred to in this Addendum as "Developer") and amends the Area Development Agreement between Franchisor and Developer dated as of the Effective Date (the "Area Development Agreement"), as follows:

1. **Deferral of Development Fee.** Notwithstanding anything in Section 5.1 of the Area Development Agreement to the contrary, the Development Fee is payable in immediately available funds and the amount attributable to each Outlet is due on the date that Franchisor completes its pre-opening obligations for such Outlet and the Outlet is open. In no event shall the Development Fee attributable to each Outlet be due any later than the date that Franchisee commences operation of such Outlet. The Development Fee is non-refundable.

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

3. **Precedence and Defined Terms.** Terms not otherwise defined in this Addendum shall have the meanings as defined in the Area Development Agreement.

Intending to be bound, Franchisor and Franchisee sign and deliver this Addendum for Illinois Franchisees effective on the Effective Date.

FRANCHISOR: Yoga Joint Franchising, LLC

DEVELOPER: _____

By: _____

By: _____

Name: _____

Name: _____

As its: _____

As its: _____

Exhibit "D"

General Release

General Release Agreement

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 20__ by and between Yoga Joint Franchising, LLC, a Florida limited liability company having its principal place of business located at: 698 W. Yamato Road, Boca Raton, Florida 33431 (the "Franchisor"), and _____ residing at _____ ("Releasor"), and the parties, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are listed below, do agree as follows:

1. Release by Releasor:

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

2. Releasor represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. Florida law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs, and said action must be filed in the State of Florida.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

IN WITNESS WHEREOF, the parties, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

Witness:

RELEASOR:

Witness:

Yoga Joint Franchising, LLC

By:_____

Name:_____

Title:_____

Exhibit “E”

Financial Statements

FINANCIAL STATEMENTS

YOGA JOINT FRANCHISING, LLC
(SINGLE-MEMBER LLC)

FOR THE YEAR ENDED DECEMBER 31, 2024

YOGA JOINT FRANCHISING, LLC
(SINGLE-MEMBER LLC)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED CEMBER 31, 2024

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Notes to Financial Statements	6



ARIE A. TAYKAN & COMPANY, CPA's

ACCOUNTANTS & ADVISORS

210 N. University Drive, Suite 200

Coral Springs, FL 33071-7339

Tel: (954) 722-9250

Fax: (954) 726-6715

Email: arie@taykancpa.com

INDEPENDENT AUDITORS' REPORT

Member
Yoga Joint Franchising, LLC
(Single-Member LLC)
Sunrise, Florida

We have audited the accompanying financial statements of Yoga Joint Franchising, LLC a Florida single-member limited liability company, which comprise of the balance sheet at December 31, 2024, and the related statement of operations and member's capital statement of cash flow through December 31, 2024 and the related notes to the financial statements.

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects as of December 31, 2024, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America.

Ari G. Jaykem & Company, CPA

Coral Springs, Florida
March 25, 2025

YOGA JOINT FRANCHISING, LLC
(SINGLE-MEMBER LLC)
BALANCE SHEET
DECEMBER 31, 2024

3

ASSETS

CURRENT ASSETS:

Cash in bank	\$ 110,068
Accounts receivable	5,592
Prepaid expenses	<u>24,000</u>

TOTAL CURRENT ASSETS \$ 139,660

**START-UP COST, NET OF ACCUMULATED
AMORTIZATION OF \$3,639** 214,720

\$ 354,380

LIABILITIES AND MEMBER'S CAPITAL

CURRENT LIABILITIES:

Franchise deposits	<u>\$ 225,000</u>
--------------------	-------------------

TOTAL CURRENT LIABILITIES \$ 225,000

DUE TO MEMBER 97,478

MEMBER'S CAPITAL 31,902

\$ 354,380

THE ACCOMPANYING NOTE IS AN INTEGRAL PART OF THIS STATEMENT.

*(SINGLE-MEMBER LLC)***STATEMENT OF OPERATIONS AND MEMBER'S CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024****REVENUES:**

Franchise fees	\$ 50,000
Royalty fees	4,880
Technology fees	3,800
Marketing fees	<u>2,000</u>

TOTAL REVENUES: \$ 60,680

OPERATING EXPENSES:

Commissions	9,474
Professional fees	9,400
Advertising and promotion	7,162
Amortization expense	3,639
Licenses and fees	<u>103</u>

TOTAL OPERATING EXPENSES: 29,778

NET INCOME 30,902

MEMBER'S CAPITAL - DECEMBER 31, 2023 1,000

CAPITAL CONTRIBUTION -

MEMBER'S CAPITAL - DECEMBER 31, 2024 \$ 31,902

THE ACCOMPANYING NOTE IS AN INTEGRAL PART OF THIS STATEMENT.

(SINGLE-MEMBER LLC)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

OPERATING ACTIVITIES:

Net income	\$	30,902	
Adjustment to reconcile net income to			
Net cash provided in operating activities:			
Amortization expense		3,639	
Increase in accounts receivable		(5,592)	
Decrease in prepaid expenses		123,879	
Decrease in inventory at cost		14,272	
Increase in startup costs		(218,359)	
Net Cash Used by Operating Activities			\$ (51,259)

INVESTING ACTIVITIES:

-

FINANCING ACTIVITIES:

Increase due to member		86,327	
Net Cash Provided by Financing Activities			<u>86,327</u>

INCREASE IN CASH

35,068

CASH AT DECEMBER 31, 202375,000**CASH AT DECEMBER 31, 2024**\$ 110,068

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

YOGA JOINT FRANCHISING, LLC
(SINGLE-MEMBER LLC)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

A. NATURE OF OPERATIONS

Yoga Joint Franchising, LLC (the “Company”) was formed as a Florida limited liability company (Single-Member LLC) in the State of Florida in October 2022. The Company sells franchises that operate yoga studios and will collect fees for the Company. Through December 31, 2024, the Company has sold one franchise. In addition, the Company collected franchise deposits totaling \$225,000. The Company is going to close on these deposits, and collect fees in 2025.

FINANCIAL STATEMENTS

YOGA JOINT FRANCHISING, LLC
(SINGLE-MEMBER LLC)

FROM INCEPTION THROUGH DECEMBER 31, 2023

YOGA JOINT FRANCHISING, LLC
(SINGLE-MEMBER LLC)
FINANCIAL STATEMENTS
FROM INCEPTION THROUGH DECEMBER 31, 2023

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ARIE A. TAYKAN & COMPANY, CPA's

ACCOUNTANTS & ADVISORS

210 N. University Drive, Suite 200

Coral Springs, FL 33071-7339

Tel: (954) 722-9250

Fax: (954) 726-6715

Email: arie@taykancpa.com

INDEPENDENT AUDITORS' REPORT

Member
Yoga Joint Franchising, LLC
(Single-Member LLC)
Sunrise, Florida

We have audited the accompanying financial statements of Yoga Joint Franchising, LLC a Florida single-member limited liability company, which comprise of the balance sheet at December 31, 2023, and the related statement of operations and member's capital from inception through December 31, 2023 and the related notes to the financial statements.

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Yoga Joint Franchising, LLC
(Single-Member LLC)
Page 2

In our opinion, the financial statements referred to above present fairly, in all material respects as of December 31, 2023, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America.

Ari G. Jaykum & Company, CPA

Coral Springs, Florida
February 21, 2024

YOGA JOINT FRANCHISING, LLC
(SINGLE-MEMBER LLC)
BALANCE SHEET
DECEMBER 31, 2023

3

ASSETS

CURRENT ASSETS:

Cash in bank	\$ 75,000
Prepaid expenses	73,484
Inventory at cost	<u>14,272</u>

TOTAL CURRENT ASSETS \$ 162,756

START UP COST 74,395

\$ 237,151

LIABILITIES AND MEMBER'S CAPITAL

CURRENT LIABILITIES:

Franchise deposits	<u>\$ 225,000</u>
--------------------	-------------------

TOTAL CURRENT LIABILITIES \$ 225,000

DUE TO MEMBER 11,151

MEMBER'S CAPITAL 1,000

\$ 237,151

THE ACCOMPANYING NOTE IS AN INTEGRAL PART OF THIS STATEMENT.

YOGA JOINT FRANCHISING, LLC

4

(SINGLE-MEMBER LLC)

**STATEMENT OF OPERATIONS AND MEMBER'S CAPITAL
FROM INCEPTION THROUGH DECEMBER 31, 2023**

REVENUES:	0
OPERATING EXPENSES:	0
NET INCOME	<u>0</u>
MEMBER'S CAPITAL - INCEPTION	0
CAPITAL CONTRIBUTION	<u>1,000</u>
MEMBER'S CAPITAL-DECEMBER 31, 2023	<u><u>\$ 1,000</u></u>

THE ACCOMPANYING NOTE IS AN INTEGRAL PART OF THIS STATEMENT.

YOGA JOINT FRANCHISING, LLC
(SINGLE-MEMBER LLC)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

A. NATURE OF OPERATIONS

Yoga Joint Franchising, LLC (the "Company") was formed as a Florida limited liability company (Single-Member LLC) in the State of Florida in October 2022. The Company sells franchises that operate yoga studios and will collect fees for the Company. Through December 31, 2023, the Company has not sold any franchises. However, the Company collected franchise deposits totaling \$225,000. The Company is going to close on these deposits, and collect fees in 2024.

UNAUDITED FINANCIALS AS OF MAY 31, 2025

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Yoga Joint Franchising LLC
Profit & Loss
January through May 2025

	Jan - May 25
Ordinary Income/Expense	
Income	
4601 · Royalty Fee	20,781.68
4602 · Technology Fee	4,995.00
4603 · Marketing Fee	5,000.00
4606 · Interstudio Revenue	0.00
Total Income	30,776.68
Gross Profit	30,776.68
Expense	
Salaries & Labor_Studio Payroll	
6101 · Compensation	17,085.00
Total Salaries & Labor_Studio Payroll	17,085.00
6399 · General & Administrative	
6500 · Bank/Merchant Fees	117.20
6600 · Computer and Internet Expenses	363.00
6640 · Business Meals & Entertainment	26.00
6650 · Travel Expense	189.95
6700 · Professional Fees Accounting	3,275.00
6720 · Professional Fees Legal	11,000.00
6860 · Business Licenses and Fees	138.75
Total 6399 · General & Administrative	15,109.90
Total Expense	32,194.90
Net Ordinary Income	-1,418.22
Other Income/Expense	
Other Expense	
7001 · Amortization Expense	6,065.00
Total Other Expense	6,065.00
Net Other Income	-6,065.00
Net Income	-7,483.22

May 31, 25

ASSETS

Current Assets

Checking/Savings

1100 · Bank Accounts

1114 · Amerant - Franchising 50.89

1141 · Amerant - MM 119,900.00

Total 1100 · Bank Accounts 119,950.89

Total Checking/Savings 119,950.89

Accounts Receivable

1150 · Accounts Receivable -437.95

Total Accounts Receivable -437.95

Other Current Assets

1190 · Prepaid Expenses 28,725.00

Total Other Current Assets 28,725.00

Total Current Assets 148,237.94

Other Assets

1400 · Intercompany

1490 · Yoga Joint Holdings LLC -47,474.88

Total 1400 · Intercompany -47,474.88

1550 · Startup Costs 218,358.95

1551 · Accum Amort - Startup Costs -9,704.00

Total Other Assets 161,180.07

TOTAL ASSETS 309,418.01

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Other Current Liabilities

2060 · Franchise Deposits 285,000.00

Total Other Current Liabilities 285,000.00

Total Current Liabilities 285,000.00

Total Liabilities 285,000.00

Equity

3000 · Members Equity

3050 · Yoga Joint Holdings, LLC 1,000.00

Total 3000 · Members Equity 1,000.00

3999 · Retained Earnings 30,901.23

Net Income -7,483.22

Total Equity 24,418.01

TOTAL LIABILITIES & EQUITY 309,418.01

Exhibit “F”

Operations Manual Table of Contents

Yoga Joint

698 Yamato Road

Boca Raton, Florida 33431

Version 1.0

©2024 Yoga Joint Franchising, LLC

YOGA JOINT

FRANCHISE OPERATIONS MANUAL

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Exhibit “G”

List of Current Franchisees

Current Franchisees with Outlets Opened as of December 31, 2024:

<u>Franchisee</u>	<u>Address of Outlet</u>	<u>Phone Number or E-mail</u>
Justin Raby	8903 Glades Road L-6 Boca Raton, Florida 33434	jraby1114@yahoo.com 561-287-9908

Current Franchisees, but Outlets Not Yet Opened as of December 31, 2024

<u>Franchisee</u>	<u>City/State</u>	<u>Phone Number or E-mail</u>
One Joint Adventure, LLC Contact: Andrew Ferguson	Jacksonville Beach, Florida	andyferg07@icloud.com
M&E Fit, LLC Contact: Elijah & Mikara Bell	Wellington, Florida	Eebell4@hotmail.com
Dalk Enterprises, LLC Contact: Dora Modi Young & Kevin Young	Weston, Florida	dmodi9487@gmail.com
Helen Emanuel & Paul Emanuel	West Palm Beach, Florida	helenvlahos@yahoo.com

Exhibit “H”

List of Former Franchisees

The following is a list of former franchisees who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who have not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

NONE.

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

Exhibit "I"

DEPOSIT AGREEMENT **(For Franchise Agreement)**

THIS DEPOSIT AGREEMENT ("Agreement") is entered into as of _____, 20____, by and YOGA JOINT FRANCHISING, LLC, a Florida limited liability company ("Franchisor") and [_____] a _____ ("Prospective Franchisee"). (Franchisor and Prospective Franchisee shall be collectively referred to herein as the "Parties").

WHEREAS, Prospective Franchisee is interested in purchasing a Yoga Joint studio in the area of _____ ("Potential Territory"), as set forth in a map attached hereto as Exhibit "A"; and

WHEREAS, to reserve the Potential Territory, Franchisor requires that Franchisee make a deposit, subject to and in accordance with the terms and conditions set forth below.

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged by the parties to this Agreement, the Parties agree as follows:

1. Prospective Franchisee is required to make a \$10,000 non-refundable deposit (the "Deposit") upon signing this Agreement to reserve the right to one (1) Yoga Joint studio franchise (subject to Franchisor's approval of Prospective Franchisee) in the Potential Territory. The Deposit must be paid by money order, cashier's check, personal check or wire transfer upon execution of this Agreement.
2. Prospective Franchisee must sign the Yoga Joint Franchise Agreement with Franchisor and pay the balance of the Initial Franchise Fee within thirty (30) days of date of this Agreement. Franchisor and Prospective Franchisee agree that the \$10,000 Deposit shall be applied to the Initial Franchise Fee for one Yoga Joint studio franchised outlet, upon Prospective Franchisee's timely execution of the Franchise Agreement. The \$40,000 balance of the Initial Franchise Fee for the franchise shall be due in full upon execution of the Franchise Agreement.
3. If Prospective Franchisee fails to sign the Franchise Agreement or pay the balance of the Initial Franchise Fee within thirty (30) days of the date of this Agreement (the "First 30 Day Period"), then, unless Prospective Franchisee sends a written request to Franchisor for a thirty (30) day extension prior to the expiration of the First 30 Day Period, then Prospective Franchisee acknowledges and agrees that this Agreement shall be terminated automatically without notice and Franchisor will not reserve the Potential Territory. In either event, Prospective Franchisee acknowledges and agrees that the Deposit shall be retained by Franchisor will not be refunded to Prospective Franchisee.
4. If, however, Prospective Franchisee sends a written request to Franchisor for a thirty (30) day extension prior to the expiration of the First 30 Day Period, then Prospective Franchisee will have another thirty (30) days (the "Second 30 Day Period") to sign the Yoga Joint Franchise Agreement with Franchisor and pay the balance of the Initial Franchise Fee. If Prospective Franchisee then fails to sign the Franchise Agreement or pay the balance of the Initial Franchise Fee within the Second 30 Day Period, then Prospective Franchisee acknowledges and agrees that this Agreement shall be terminated automatically without notice and Franchisor will not reserve the Potential Territory. In either event, Prospective Franchisee

acknowledges and agrees that the Deposit shall be retained by Franchisor and will not be refunded to Prospective Franchisee.

5. Notwithstanding anything in this Agreement to the contrary, Franchisor reserves the right to terminate this Agreement and disapprove the Prospective Franchisee at any time prior to the signing of the Franchise Agreement by Franchisor and Prospective Franchisee, even if Franchisor previously approved Prospective Franchisee. Prospective Franchisee acknowledges and agrees that if Franchisor disapproves Prospective Franchisee, Franchisor will not refund the Deposit.

6. The laws of the State of Florida shall govern the interpretation, construction, and enforcement of this Agreement. The Parties agree and submit to the courts located in Miami-Dade County, Florida as the exclusive jurisdiction and venue for any actions arising under, out of, or in connection with this Deposit Agreement, and the Parties irrevocably accept the venue and jurisdiction of the courts of the state and federal courts located in Miami-Dade County, Florida.

7. **WAIVER OF JURY TRIAL.** THE PARTIES MUTUALLY AND WILLINGLY WAIVE THE RIGHT TO A TRIAL BY JURY OF ANY AND ALL CLAIMS ARISING FROM OR RELATED TO THIS DEPOSIT AGREEMENT.

8. This Agreement represents the entire understanding and agreement between the parties with respect to the subject matter hereof, and supersedes all other negotiations, understandings and representations, if any, made by and between the Parties. No representations, inducements, promises or agreements, oral or otherwise, if any, not embodied herein are of any force and effect.

Franchisor:
Yoga Joint Franchising, LLC

Prospective Franchisee:
[]

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Exhibit "J"

DEPOSIT AGREEMENT **(For Area Development Agreement)**

THIS DEPOSIT AGREEMENT ("Agreement") is entered into as of _____, 20____, by and YOGA JOINT FRANCHISING, LLC, a Florida limited liability company ("Franchisor") and [_____, a _____ ("Prospective Developer"). (Franchisor and Prospective Developer shall be collectively referred to herein as the "Parties").

WHEREAS, Prospective Developer is interested in purchasing area development rights to develop and operate Yoga Joint studios in the area set forth in a map or description attached hereto as Exhibit "1" ("Potential Development Area") in accordance with the development schedule set forth on Exhibit "2" ("Development Schedule"); and

WHEREAS, to reserve the Potential Development Area, Franchisor requires that Prospective Developer make a deposit, subject to and in accordance with the terms and conditions set forth below.

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged by the parties to this Agreement, the Parties agree as follows:

1. Prospective Developer is required to make a \$25,000 deposit (the "Deposit") upon signing this Agreement to reserve the right to open _____ (must be three (3) or more Yoga Joint studio franchises (subject to Franchisor's approval of Prospective Developer) in the Potential Development Area in accordance with the Development Schedule. The Deposit must be paid by money order, cashier's check, personal check or wire transfer upon execution of this Agreement.
2. Prospective Developer must sign the Yoga Joint Area Development Agreement with Franchisor and pay the balance of the Area Development Fee within forty-five (45) days of the date of this Agreement. Franchisor and Prospective Developer agree that the \$25,000 Deposit shall be applied to the Area Development Fee upon Prospective Developer's timely execution of the Area Development Agreement. Prospective Developer's Area Development Fee shall be \$_____, calculated at the rate of \$50,000, plus \$20,000 multiplied by the number of Yoga Joint studio franchises after the first studio to be developed under the Area Development Agreement. The balance of the Area Development Fee shall be due in full upon execution of the Area Development Agreement.
3. If Prospective Developer fails to sign the Area Development Agreement or pay the balance of the Area Development Fee within forty-five (45) days of the date of this Agreement (the "45 Day Period"), then, unless Prospective Developer sends a written request to Franchisor for a thirty (30) day extension prior to the expiration of the 45 Day Period, then Prospective Developer acknowledges and agrees that this Agreement shall be terminated automatically without notice, Franchisor will not reserve the Potential Development Area, and Franchisor will return \$12,500 of the \$25,000 Deposit to Franchisee. In either event, Prospective Developer acknowledges and agrees that the remaining \$12,500 of the Deposit shall be retained by Franchisor will not be refunded to Prospective Developer.

4. Notwithstanding anything in this Agreement to the contrary, Franchisor reserves the right to terminate this Agreement and disapprove the Prospective Developer at any time prior to the signing of the Area Development Agreement by Franchisor and Prospective Developer, even if Franchisor previously approved Prospective Developer. Prospective Developer acknowledges and agrees that if Franchisor disapproves Prospective Developer, Franchisor will return \$12,500 of the \$25,000 Deposit to Franchisee, but will not refund the remaining \$12,500 of the Deposit.

5. The laws of the State of Florida shall govern the interpretation, construction, and enforcement of this Agreement. The Parties agree and submit to the courts located in Miami-Dade County, Florida as the exclusive jurisdiction and venue for any actions arising under, out of, or in connection with this Deposit Agreement, and the Parties irrevocably accept the venue and jurisdiction of the courts of the state and federal courts located in Miami-Dade County, Florida.

6. **WAIVER OF JURY TRIAL.** THE PARTIES MUTUALLY AND WILLINGLY WAIVE THE RIGHT TO A TRIAL BY JURY OF ANY AND ALL CLAIMS ARISING FROM OR RELATED TO THIS DEPOSIT AGREEMENT.

7. This Agreement represents the entire understanding and agreement between the parties with respect to the subject matter hereof, and supersedes all other negotiations, understandings and representations, if any, made by and between the Parties. No representations, inducements, promises or agreements, oral or otherwise, if any, not embodied herein are of any force and effect.

Franchisor:
Yoga Joint Franchising, LLC

Prospective Developer:
[]

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

EXHIBIT "1"

Potential Development Area

See attached map or the following area:

Exhibit “2”

Development Schedule

Cumulative Number of Studios to be in Operation	Required Opening Date

Exhibit “K”

STATE SPECIFIC ADDENDA

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

FOR THE FOLLOWING STATES: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

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

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following provisions will supersede and apply to all franchises offered and sold under the laws of the State of California:

1. SECTION 31125 OF THE CALIFORNIA CORPORATIONS 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.

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.

2. The following statement is added to Item 3:

Neither YOGA JOINT FRANCHISING, LLC, nor any person in Item 2 of the Disclosure Document is subject to any currently effective order or any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C. 8.78(a) et seq., suspending or expelling such persons from membership in such association or exchange.

3. The highest interest rate allowed by law in California for late payments is 10% annually.

4. The following statement is added to Item 5:

The California Department of Financial Protection and Innovation has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

5. The following statements are added to Item 17:

- I. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
- II. 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.).
- III. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
- IV. The franchise agreement requires application of the laws of Florida. This provision may not be enforceable under California law.
- V. The Franchise Agreement requires binding arbitration. The arbitration will occur in Miami, Florida with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section

20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

- VI. California Corporations Code, Section 31125 requires us to give you 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.
- VII. The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise 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 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

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

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

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

Website:

www.yogajoint.com

OUR WEBSITES HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THESE WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following provisions will supersede and apply to all franchises offered and sold under the laws of the State of Illinois:

1. Any releases that the franchisor requests that you sign must conform with the Illinois Franchise Disclosure Act.
2. 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.
3. Franchisee's rights upon termination and non-renewal are set forth in Section 19 and 20 of the Illinois Franchise Disclosure Act.
4. Section 4 of the Illinois Franchise Disclosure Act states that any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
5. Illinois law governs the agreements between the parties to this franchise.
6. 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Item 5 of the FDD is amended to provide the following:

Your Initial Franchise Fee and Area Development Fee shall be deferred until we have satisfied our pre-opening obligations to you and you have commenced business operations. The Area Development Fee shall be deferred and the amount attributable to each Outlet is due on the date that Franchisor completes its pre-opening obligations for such Outlet and the Outlet is open. In no event shall the Development Fee attributable to each Outlet be due any later than the date that Franchisee commences operation of such Outlet. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following provisions will supersede and apply to all franchises offered and sold under the laws of the State of New York:

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR 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 THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3 of the Franchise Disclosure Document:

Item 3. Litigation

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has any 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 context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from

membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Section 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum,”** and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

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

7. Receipts. Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

STATE EFFECTIVE DATES

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

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

State	Effective Date
California	October 9, 2025
Florida	Exempt
Illinois	
Michigan	October 24, 2025
New York	
Texas	Exempt

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

Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Yoga Joint Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

[Michigan, Oregon, and Wisconsin require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]

If Yoga Joint Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Bernie Zarco, David Lopez and Ernesto Garruto at 698 W. Yamato Road, Boca Raton, Florida 33431, Telephone (305) 302-2884, (954) 507-2126 and: _____ *[Any other franchise seller involved in a particular franchise transaction must be disclosed here before the Disclosure Document is given to the prospective franchisee.]*

Issuance date: June 24, 2025.

Yoga Joint Franchising, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I received a disclosure document dated June 24, 2025 that included the following Exhibits:

- | | |
|---|--|
| A. State Agencies/Agents for Service of Process | F. Operations Manual Table of Contents |
| B. Franchise Agreement and Exhibits | G. List of Current Franchisees |
| C. Area Development Agreement and Exhibits | H. List of Former Franchisees |
| D. General Release | I. Deposit Agreement for Franchise Agreement |
| E. Financial Statements | J. Deposit Agreement for ADA |
| | K. State Specific Addenda |

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

You may return the signed receipt either by signing, dating, and mailing it to Yoga Joint Franchising, LLC at 698 W. Yamato Road, Boca Raton, Florida 33431 and (305) 302-2884, or by e-mailing a copy of the signed and dated receipt to franchise@yogajoint.com.

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